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UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Report of the Trade and Development Board on the second part of its thirty-ninth session

held at the Palais des Nations, Geneva,
from 15 to 26 March 1993

UNITED NATIONS

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Geneva

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NOTE

Symbols of United Nations documents are composed of capital letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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For the recommendations, resolutions, declarations and decisions adopted by the United Nations Conference on Trade and Development, see:

First session: *Proceedings of the United Nations Conference on Trade and Development*, vol. I, *Final Act and Report* (United Nations publication, Sales No. 64.II.B.11), pp. 18-65;

Second session: *Proceedings of the United Nations Conference on Trade and Development, Second Session*, vol. I and Corr.1 and 3 and Add.1 and 2, *Report and Annexes* (United Nations publication, Sales No. E.68.II.D.14), annex I, A, pp. 28-58;

Third session: *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.73.II.D.4), annex I, A, pp. 53-114;

Fourth session: *Proceedings of the United Nations Conference on Trade and Development, Fourth Session*, vol. I and Corr.1, *Report and Annexes* (United Nations publication, Sales No. E.76.II.D.10), part one, sect. A, pp. 6-43;

Fifth session: *Proceedings of the United Nations Conference on Trade and Development, Fifth Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.79.II.D.14), part one, sect. A, pp. 6-50;

Sixth session: *Proceedings of the United Nations Conference on Trade and Development, Sixth Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.83.II.D.6), part one, sect. A, pp. 6-40;

Seventh session: *Proceedings of the United Nations Conference on Trade and Development, Seventh Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.88.II.D.1), part one, sect. A, pp. 6-27.

Eighth session: *Report of the United Nations Conference on Trade and Development on its eighth session* (pending the publication of the printed *Proceedings*, the report will be issued in mimeographed form under the symbol TD/364).

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PREFACE

The second part of the thirty-ninth session of the Trade and Development Board was held at the Palais des Nations, Geneva, from 15 to 26 March 1993. In the course of the session, the Board held seven plenary meetings - the 818th to 824th meetings.

This full report on the second part of the thirty-ninth session records, as appropriate, the action by the Board on the substantive items of its agenda (part I) and the summary of proceedings in plenary on the substantive items (part II, Introduction and chapters I-VIII). The procedural, institutional, organizational and administrative matters are dealt with in chapter IX.

The Communiqué of the Trade and Development Board, approved at the closing plenary meeting on 26 March 1993, is reproduced on page 7.

In connection with the action reported in part I, attention is drawn to paragraph 56 of the Cartagena Commitment, which reads as follows:

> "The outcome of deliberative processes in the Trade and Development Board and its subsidiary bodies need not take the form of resolutions. Greater use should be made of agreed conclusions, assessments or summings-up by presiding officers, particularly when the issues are new or difficult ones, requiring further exploration and the building of common perceptions."

In addition to their formal meetings, at which prepared statements were delivered, the Plenary and the two Sessional Committees held a number of informal meetings on particular agenda items, in which high-level experts were invited to participate.

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Communiqué of the Trade and Development Board

Summary of the agreed conclusions

1. In the second part of its thirty-ninth session, the Board discussed trade policy reform in developing countries, developments in the Uruguay Round, human resource development for trade, the Programme of Action for the Least Developed Countries for the 1990s, implementation of the United Nations New Agenda for the Development of Africa in the 1990s, UNCTAD's activities pertaining to sustainable development, structural adjustment for the transition to disarmament and the United Nations International Symposium on Trade Efficiency scheduled for autumn 1994.

2. The Board recognized that trade liberalization was an important tool for increasing economic efficiency and improving resource allocation and growth in all countries. There was a consensus that the international community should support these efforts in developing countries, particularly the least developed, especially through adequate improved market access and increased flows of financial resources and debt relief.

3. The Board decided to transmit a message to the Governments participating in the Uruguay Round negotiations recalling that there should be an early, balanced and successful conclusion to the Uruguay Round as a prerequisite to a return to the path of growth, trade expansion and an improved world economic climate.

4. The Board agreed that the objectives stated in the Programme of Action for the Least Developed Countries for the 1990s could be fully realized through a strong and committed partnership between the LDCs and their development partners. The Board emphasized the need for the formulation of medium- to long-term strategies for socio-economic development, for which sustainable good governance was considered necessary. The DAC donors were urged to fulfil aid targets and commitments to the LDCs. The efforts made by the LDCs in respect of reform measures were appreciated.

5. The Board affirmed that there were compelling reasons for Africa to continue to pursue cooperation and integration as a central element of development. The Board stressed the importance of strengthening regional infrastructures, transit facilities, transport and communications, support for structural adjustment programmes, harmonization of policies, the private sector and human resources development. The international community was urged to increase its financial support for integration projects at the subregional and regional levels.

6. The Board decided on areas of future activities for UNCTAD in the field of sustainable development and agreed that the theme of trade and environment should feature on the agenda of its future sessions. Other substantive areas of follow-up to Agenda 21 by the Board and its subsidiary bodies would include aspects of Agenda 21 relating to commodities, technology, services, poverty and privatization.

7. The Board agreed that more assertive action in the area of human resources development for trade, through combined efforts by Governments, the business community and training institutions, would pay dividends in terms of technological development, international competitiveness and other determinants of trade performance, and called for enhanced international cooperation in this area.

8. The Board decided that, at the first part of its fortieth session, it would establish terms of reference for an Ad Hoc Working Group to explore the issue of structural adjustment for the transition to disarmament. To this end, the President of the Board was requested to conduct informal consultations in mid-June on the draft terms of reference.

9. The Board welcomed and endorsed the generous offer of the United States of America to host the United Nations Symposium on Trade Efficiency in Columbus, Ohio, in 1994.

PART I. ACTION BY THE TRADE AND DEVELOPMENT BOARD ON SUBSTANTIVE ITEMS OF ITS AGENDA*

A. Formal action

Item 2. Follow-up to the recommendations adopted by the Conference at its eighth session: policies for human resource development, with particular reference to technical cooperation activities for trade and development

At its 824th (closing) meeting, on 26 March 1993, the Board approved the report by the Vice-President (United States of America) on the consultations on agenda item 2 (TD/B/39(2)/L.4) and decided that it should be incorporated in Part I of the final report on the Board's proceedings, reflecting the outcome of discussions under item 2. (For the report by the Vice-President, see section C.1 below).

Item 3. Trade policies, structural adjustment and economic reform: trade policy reforms in developing countries and the international support required

At its 824th (closing) meeting, on 26 March 1993, the Board adopted the agreed conclusions of Sessional Committee I on this item in TD/B/39(2)/SC.1/L.2. (For the text, see section B, agreed conclusions 401 (XXXIX)).

Item 4. Developments and issues in the Uruguay Round of particular concern to developing countries

At its 824th (closing) meeting, on 26 March 1993, the Board adopted the "Message from the Trade and Development Board to the Governments participating in the Uruguay Round of Multilateral Trade Negotiations" (TD/B/39(2)/L.6) and authorized the President to transmit the Message, on behalf of the Board, to the Chairman of the Trade Negotiations Committee of GATT for circulation as an official document to all Governments participating in the Round. (For the text of the Message, see section C.2 below).

At the same meeting, the Board also agreed that the report of the Chairman of Sessional Committee I on item 4 (TD/B/39(2)/Misc.5) should be transmitted to the third executive session of the Board scheduled to take place on 27 April 1993. (For the report of the Chairman of Sessional Committee I, see section C.3 below).

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* For the Board's action on organizational and institutional matters, see section II below.

Item 5. Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s

At its 824th (closing) meeting, on 26 March 1993, the Board adopted the agreed conclusions of the Special Sessional Committee on this item in TD/B/39(2)/SSC/L.2. (For the text, see section B, agreed conclusions 404 (XXXIX)).

Item 6. UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s

(a) Review of UNCTAD technical cooperation activities in Africa

(b) Regional integration issues

At its 824th (closing) meeting, on 26 March 1993, the Board adopted the agreed conclusions of Sessional Committee II on this item in TD/B/39(2)/SC.2/L.3. (For the text, see section B, agreed conclusions 403 (XXXIX)).

Item 7: Follow-up to the decision of the Trade and Development Board at the first part of its thirty-ninth session (Board decision 399 (XXXIX) of 9 October 1992) on the establishment of an ad hoc working group to explore the issue of structural adjustment for the transition to disarmament

At its 824th (closing) meeting, on 26 March 1993, the Board approved the report by the Vice-President (Morocco) on the consultations on agenda item 7 (TD/B/39(2)/L.3) and decided that it should be incorporated in Part I of the final report on the Board's proceedings, reflecting the outcome of the discussions under item 7. (For the report by the Vice-President, see section C.4 below).

Item 8: Sustainable development: implications for UNCTAD of recent General Assembly decisions concerning the follow-up to UNCED's conclusions and recommendations

At its 824th (closing) meeting, on 26 March 1993, the Board adopted the draft decision on this item submitted by the Chairman of Sessional Committee II (TD/B/39(2)/SC.2/L.2). (For the text, see section B, decision 402 (XXXIX)).

Item 9. Other matters in the field of trade and development - Report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-fifth session (ITC/AG(XXV)/134 and Add.1)

At its 823rd meeting, on 23 March 1993, the Board took note of the report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-fifth session (ITC/AG(XXV)/134 and Add.1).

Item 10. Reports and activities of the subsidiary bodies of the Board: matters requiring action

(a) Working Party on the Medium-term Plan and the Programme Budget, twenty-second session (8-12 March 1993)

At its 821st meeting, on 18 March 1993, the Board took note that the twenty-second session of the Working Party, originally scheduled for 8-12 March 1993, had been postponed to 5-8 April 1993.

(b) Convening of an Intergovernmental Group of Experts on Ports

At its 824th (closing) meeting, on 26 March 1993, the Board approved the draft terms of reference of the proposed Intergovernmental Group of Experts on Ports (TD/B/CN.4/20/Rev.1), which had been recommended to the Board by the consultations of the Bureau of the Standing Committee on Services (Shipping) and interested delegations, and decided to convene the Intergovernmental Group of Experts on Ports. (For the terms of reference of the Intergovernmental Group of Experts, see section C.5 below).

B. Agreed conclusions and decision

Agreed conclusions 401 (XXXIX): Trade policies, structural adjustment and economic reform

In accordance with paragraph 128 of the Cartagena Commitment, the Trade and Development Board discussed issues relating to economic and trade policy reforms in developing countries and the international support required. The discussions were greatly enriched by individual country presentations. The Board also held informal discussions to exchange views and ideas with high-ranking officials and experts in this area.

In the course of discussions a broad convergence of views emerged on the following conclusions:

1. The Board noted with satisfaction that developing countries are continuing trade policy reforms and structural adjustment and considered that these efforts should be pursued, consistent with their trade, financial and development needs. Such reforms have a greater chance to be successful if they are conceived and implemented within the framework of broader economic reform efforts and processes. The international community recognizes the significant social cost that may arise in the reform process. The reform programmes should therefore incorporate a social component, and provide for an appropriate safety net, especially with regard to the vulnerable social groups.

2. The exchange of views among members of the Board provides important insights into the working of reform programmes. Technical cooperation can assist in improving the design and implementation of such programmes.

3. It was recognised that trade liberalization is an important tool for increasing economic efficiency and improving resources allocation and growth in all countries.

4. There was a consensus that the international community should support these efforts in developing countries, particularly the least developed, especially through adequate improved market access and increased flows of financial resources and debt relief. Trade policy changes in developing countries have been increasingly directed towards liberalization, thus contributing to the expansion of world trade and enhancing export possibilities and growth prospects for all countries.

5. A speedy, successful and balanced outcome of the Uruguay Round of multilateral trade negotiations is of utmost importance to the future of the world trading system and the successful pursuit of economic reforms.

6. Macro-economic stability and mutual consistency of government policies were considered to be an essential prerequisite for the success of trade policy reforms.

7. It was held that the international support should allow for pluralism of approaches towards trade policy reforms, taking fully into account specific country situations and economic, social and cultural characteristics.

8. The Board considered that human resources development, especially education, constitutes an essential component of strengthening international competitiveness, which should be accompanied by technology, vocational training, enhanced entrepreneurial capabilities and innovation. Human resources development requires substantial external support, in particular in least developed countries.

9. Intensified cooperation between developed and developing countries and between their firms in the areas of technological development and foreign direct investment can make important contributions to enhanced international competitiveness and export expansion.

10. It was agreed that, in accordance with paragraph 52 of the Cartagena Commitment, UNCTAD should consider within existing resources the identification and treatment of key emerging issues of trade and development, including an early warning perspective, in a rapidly changing world. It was suggested that the Board, at an executive session, should address possible approaches in this regard. It was also suggested that the Secretary-General be requested to prepare the necessary documentation, availing himself of the high-level expertise in this area. In carrying out this mandate UNCTAD should take full account of the work of other relevant international organizations to ensure the mutually reinforcing and supportive nature of all activities.

11. The Intergovernmental Group of Experts on Restrictive Business Practices should pursue its work with regard to policies and rules for the control of restrictive business practices in order to encourage competition, to promote the proper functioning of markets and efficient resource allocation, and to bring about further liberalization of international trade.

12. Within the work programme adopted by the Ad Hoc Working Group on Trading Opportunities for Developing Countries, participating countries are invited to accord due attention to the aspects of support to developing countries' reforms in their country presentations.

13. The proposal on the study on market-based price mechanisms as a means of assisting technology transfer to developing countries was discussed. Some delegations felt that they did not have enough time to take a view on this proposal or deliberate on it in depth. It was agreed that the proposal would be further refined by the secretariat and would be considered by the Board at the first part of its fortieth session.

14. It was also suggested that further study of national policies in developing countries and of appropriate external support measures to ensure in a longer run the success of trade policy reforms be carried out.

824th plenary meeting
26 March 1993

Decision 402 (XXXIX): Sustainable development

The Trade and Development Board decides that:

1. The Board, taking into account the importance, in the context of sustainable development, of the theme "Trade and environment", consider that theme at the first part of each of its annual sessions; that, for the first part of its fortieth session, it consider within this theme the specific issue "Trends in the field of trade and environment within the framework of international cooperation"; and that for subsequent sessions, the specific issues to be discussed under this theme be determined in the informal consultative mechanism established in accordance with paragraph 83 of the Cartagena Commitment, taking into account the evolution of preparatory work in the secretariat;

2. The Board also consider another theme or themes on sustainable development at the second part of its annual sessions, the specific topic or topics to be identified using the mechanism outlined in paragraph 1 above;

3. The UNCTAD secretariat organize on an experimental basis for the fortieth session periodic information briefings in preparation of the issues to be discussed at that session;

4. The Board review the arrangements in paragraphs 1, 2 and 3 above in connection with the process of review and evaluation of the work programmes of the intergovernmental machinery to be held in 1994;

5. The Board transmit to the General Assembly at its forty-eighth session, through the Commission on Sustainable Development and the Economic and Social Council, in response to paragraph 25 of General Assembly resolution 47/191, the annexed report on its specific plans to implement Agenda 21 within its mandate.

824th plenary meeting
26 March 1993

Annex

RESPONSE OF THE TRADE AND DEVELOPMENT BOARD TO GENERAL ASSEMBLY RESOLUTION 47/191

Mandate

1. In paragraph 25 of its resolution 47/191, the General Assembly requested, inter alia, the Trade and Development Board to examine the relevant provisions of Chapter 38 of Agenda 21 at its next session and to submit a report on its specific plans to implement Agenda 21 to the General Assembly at its forty-eighth session through the Commission on Sustainable Development and the Economic and Social Council. The present report responds to this request.

The role of UNCTAD in implementing Agenda 21

2. Paragraph 38.26 of Agenda 21 refers explicitly to UNCTAD by stating that UNCTAD "should play an important role in the implementation of Agenda 21, ... taking into account the importance of the interrelationships between development, international trade and the environment and in accordance with its mandate in the area of sustainable development."

3. The Trade and Development Board has pursued this matter, in accordance with the mandates given to UNCTAD by the Cartagena Commitment and by Agenda 21 itself. The Board is in the process of establishing a work programme responding to these mandates for its own Sessional Committee charged with examining sustainable development issues and, under the Board's overall authority, work programmes have been established to implement relevant provisions of these mandates in the Board's subsidiary bodies.

4. These intergovernmental work programmes represent the specific plans of the Trade and Development Board to implement its mandates in the field of sustainable development. The Board will keep its work in this field under constant review, and will adjust the work programmes in the light of developments.

Organization of intergovernmental work on sustainable development in UNCTAD

5. The work programmes of UNCTAD's intergovernmental bodies are carried out by the Board and its various subsidiary bodies. At the second part of its thirty-ninth session, the Board decided to organize its deliberations on sustainable development as follows:

(a) Taking into account the importance of the theme "Trade and environment", the Board will consider a topic under this theme at the first part of each of its annual sessions; and

(b) It will consider another theme or themes on sustainable development at the second part of its annual sessions.

The topics and themes will be determined well in advance through the informal consultative mechanism established in accordance with paragraph 83 of the Cartagena Commitment, taking into account the evolution of preparatory work in

the secretariat. The Board will have the overall responsibility of submitting to the Commission on Sustainable Development the results of its own deliberations, as well as those of its subsidiary bodies.

6. For ease of cross-reference to Agenda 21, the work programmes referred to above are presented below organized around six sectors specific to UNCTAD:

- **Agenda 21 and trade;**
- **Agenda 21 and commodities;**
- **Agenda 21 and technology;**
- **Agenda 21 and services;**
- **Agenda 21 and poverty; and**
- **Agenda 21 and privatization.**

As indicated, because of the importance which member States attach to the subject of trade in the context of sustainable development, the Board itself deals with this subject*; the others are covered in the Board's various subsidiary bodies, which are themselves organized along sectoral lines.

7. It is also worth noting that the Trade and Development Board and its subsidiary bodies have adopted the practice of organizing input to their discussions from three actors singled out in Agenda 21 as playing an important role in the implementation of Agenda 21, namely the private, academic and NGO sectors.

A. Agenda 21 and trade

8. The Board will give consideration to the following areas as elements of its substantive intergovernmental work programme on trade-related aspects of sustainable development. Paragraphs of Agenda 21 to which the work programme elements are relevant are indicated in parentheses for ease of reference.

- **Trends in the field of trade and environment within the framework of international cooperation;**
  (para. 2.22 (b))
- **The reconciliation of environmental and trade policies, including the necessity to ensure that environmental measures do not become an instrument of protection;**
  (paras. 2.21 and 2.22 (c, d, e, f, i))

*** The issue of trade and environment is also discussed in one of the Board's subsidiary bodies, from the perspective of the expansion of the trading opportunities of developing countries.**

- Analysis of the impact of environment-related regulations and standards on export competitiveness, particularly of developing countries;
  (para. 2.22 (f, g))

- Building of increased awareness and understanding of the interlinkages between trade, development and environment;
  (para. 2.22 (b))

- Consideration of the special conditions and development needs of developing countries in the context of trade and environment;
  (para. 2.22 (g, h, i))

- Collection, analysis and dissemination of information on environmental regulations and measures which may have an impact on trade, especially that of developing countries;
  (paras. 2.15, 2.22 (c))

- Comparative analysis of country experiences with ways and means of promoting trade expansion and diversification without deteriorating or depleting the natural resource base (with specific focus on export competitiveness).
  (paras. 2.11, 2.14, 2.24, 3.5, 4.17, 4.18)

9. In addition, the Board's Ad Hoc Working Group on Expansion of Trading Opportunities for Developing Countries has adopted a work programme which contains the element "Environmental measures", under the terms of which the Working Group would consider the impact of environmental policies and measures on trading opportunities of developing countries with a view to making recommendations for enhancing those opportunities (paras. 2.10 (a, c, d), 2.12 and 2.22 (a)).

B. Agenda 21 and commodities

10. The Board's Standing Committee on Commodities has agreed on a work programme which singled out sustainable development as one of its four priority areas. This work programme contains the following elements relevant to the implementation of Agenda 21:

- Analysis of national experiences in the management of natural resources with regard to commodity production;
  (para. 3.8 (m))

- Exploration of the links between commodity policies, use and management of natural resources and sustainable development;
  (paras. 2.11, 2.13, 2.16 (a), 4.10 (b))

- Identification of environmental problems that are specific to commodity production and processing and examination of ways of improving developing countries' access to international financial and technical support including environmentally sound technologies to cope with such problems;
  (paras. 4.17 (c), 4.18)

- Identification of means by which the competitiveness of natural products with environmental advantages could be improved; (paras. 4.19 (c), 4.20, 4.22 (a, b))

- Examination of the manner in which prices of natural commodities and their synthetic competitors could reflect environmental costs. (paras. 2.14 (c), 4.24, 8.31 (a, b), 8.37)

C. Agenda 21 and technology

11. The Board's Ad Hoc Working Group on the Interrelationship between Investment and Technology Transfer has agreed on a work programme composed of three priority areas, of which one is entitled "Transfer and development of environmentally sound technologies". This latter contains the following elements relevant to the implementation of Agenda 21:

- Issues involved in the generation, transfer and diffusion of environmentally sound technologies which have an impact on competitiveness and development; (paras. 34.14 (b), 34.26)

- Policies and measures for the promotion, development, dissemination and financing of environmentally sound technologies, particularly in developing countries, taking into account the need to provide incentives to innovators that promote research and development of these technologies. (paras. 34.11, 34.14, 34.18-20, 34.27, 34.28)

D. Agenda 21 and services

12. The Board's Standing Committee on Developing Services Sectors, which deals with services in general, shipping and insurance, has adopted work programmes containing the following elements relevant to the implementation of Agenda 21:

- The role played by the services sectors in contributing to growth and sustainable development; (paras. 2.16 (a), 4.18, 4.26, 8.14, 8.19, 8.33 (a) and 40.22)

- Comparative analysis of the factors which can contribute to sustainable development of ports and related port services; (paras. 17.6 (b, i), 17.30 (d) and 17.38 (d))

- Alternative mechanisms to meet the insurance and reinsurance needs in respect of environmental impairments. (Although insurance does not appear as such as an issue in Agenda 21, this work element is relevant to chapters 4, 14 and 17 to 22 of Agenda 21)

E. Agenda 21 and poverty

13. The Board's Standing Committee on Poverty Alleviation has agreed on a work programme of six priority areas which contains the following elements relevant to the implementation of Agenda 21:

- Analysis of the linkages between poverty and sustainable development;
  (para. 3.10 (a))

- Examination of the implications for the poor of national and international policies relating to environment (e.g. application of the polluter-pays principle; environmental standards that might adversely affect the poor).
  (para. 3.8 (d, f, h, o))

F. Agenda 21 and privatization

14. The Board's Ad Hoc Working Group on Comparative Experiences with Privatization has adopted a work programme which includes an element on environmental aspects of privatization (paras. 2.13 (a), 2.31, 2.37 (c), 2.38, 30.3, 30.4, 30.19 and 30.28)

Studies and projects related to sustainable development funded by extrabudgetary resources

15. The UNCTAD secretariat is pursuing and completing studies, funded by extrabudgetary resources, on market-based instruments for financing environmental protection; this work is focused primarily on the costs and benefits of CO_2 abatement, including tradeable entitlements, joint implementation of commitments, and tax-based instruments. The UNCTAD secretariat has also designed studies and projects related to sustainable development funded by extrabudgetary resources, and the work carried out by the secretariat is indicated in the appendix.

Technical cooperation

16. In the field of technical cooperation, the overall objective of UNCTAD is to strengthen the capacity of the developing countries to implement Agenda 21 effectively. This is being carried out in accordance with paragraph 43 of the Cartagena Commitment and chapter 37 of Agenda 21.

Appendix

Studies and projects related to sustainable development funded by extrabudgetary resources

List of donors

UNDP

Funds are provided for policy-oriented research on the interlinkages between trade and environment, consisting of (i) country case studies and (ii) thematic studies of general interest. Work on trade and environment is also supported under an Asian/Pacific Trade and Investment Technical Co-operation Programme.

Colombia

Funding of two studies on the relationships between trade and environment undertaken by a national research institute and a non-governmental organization.

Government of Germany

Funding is provided for studies on particular aspects of tradeable carbon emission entitlements.

Government of Italy

Funding is provided for a training package on developmental aspects of global environmental deliberations within UNCTAD's Trainfortrade programme.

Government of Luxembourg

Funding is provided for a training package on trade and environment within UNCTAD's Trainfortrade programme.

Government of the Netherlands

A contribution is made to two components of the work programme: (i) analysis of trade and environment linkages; (ii) country/commodity case studies. A contribution was also made to the development of a pilot version of GREENTRADE in 1992. A study of the implications of basic principles of environmental policy for developing countries is nearly complete. Funding was provided for the first phase of the work on tradeable carbon emission entitlements, and funding is being provided for a pilot initiative on CO_2 offset arrangements.

Government of Norway

Funding is provided for policy-oriented analysis of the links between policies and environmental effects of production and processing in the commodity sector and for a conceptual study on the internalization of environmental externalities in prices of commodities. Funding was provided for the first phase of the work on tradeable carbon emission entitlements, and funding is being provided for a study on the essential design requirements of a global system of tradeable carbon emission entitlements and for a pilot initiative on CO_2 offset arrangements.

International Institute for Sustainable Development (IISD)

Sponsoring of expert group meetings, hosted by the International Institute for Sustainable Development (IISD) in Winnipeg, Canada, to discuss outlines and findings of studies carried out on environment and trade policies.

International Development Research Centre (IDRC)

Funding of policy-oriented research on the impacts of environmental concerns on market access, with special reference to eco-labelling.

Agreed conclusions 403 (XXXIX): UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s

1. In accordance with paragraph 66 of the Cartagena Commitment and the decision taken by the Board at the first part of the thirty-ninth session, adopted on 14 October 1992,* the Board discussed issues relating to the United Nations New Agenda for the Development of Africa in the 1990s. The Board also held informal discussions on the regional integration and technical cooperation issues with high-ranking officials and experts in this area.

2. The Board recalled that the Final Review and Appraisal of the United Nations Programme of Action for African Economic Recovery and Development (UNPAAERD) concluded that the conditions which led to the adoption of the UNPAAERD still prevailed in the 1990s. It was in recognition of this that the international community adopted the United Nations New Agenda for the Development of Africa in the 1990s by General Assembly resolution 46/151. UNCTAD VIII had undertaken a commitment to respond fully to the General Assembly's requests, including the request for contributions to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s. It is within that context that the items under discussion were inscribed on the Board's agenda.

3. It was observed that there were compelling reasons for Africa to continue to pursue cooperation and integration without which Africa risked further marginalization, and could miss out on a central element of development. The Abuja Treaty establishing the African Economic Community reaffirmed African countries' support for regional integration, and UNCTAD's continued support would be important throughout the implementation of the six stages of the Treaty.

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* Report of the Board on the first part of its thirty-ninth session (TD/B/39(1)/15), part I, section B.6.

4. The Secretariat's document on regional cooperation contained relevant orientations which provided a good basis for UNCTAD's future contribution in support of regional cooperation in Africa. The Board stressed the importance of strengthening regional infrastructures, transit facilities, transport and communications, support for structural adjustment programmes, harmonization of policies, the private sector and human resources development.

5. The growing interest of Africa's development partners in regional integration issues was noted with appreciation and the international community was urged to increase its financial support for regional integration projects at the subregional and regional levels.

6. The joint initiative on the proposed Tokyo Conference on African Development in October 1993 was commended, and it was urged that the UNCTAD secretariat be closely associated with it and report to the next session of the Trade and Development Board.

7. The Board noted with appreciation the extensive range of UNCTAD's technical cooperation activities and called for an evaluation to improve effectiveness. Cooperation with UNCTAD should be demand-driven, selective, well founded, and should reflect priorities of African countries. African countries should also provide their own evaluations and consultations, and collaboration between them and UNCTAD should be intensified. In addition, the need was felt to broaden the dialogue with African countries on regional cooperation projects in Round Tables. Many delegations felt the need for a broader dialogue in Consultative Groups.

8. Africa's most urgent technical assistance needs were in the areas of transport and communications, the enterprise sector, reform programmes, diversification, and human resources development, including the use of African experts and consultants. Concern was expressed at the prospect of the termination of technical cooperation support for the African MTN project due to lack of funding. It was stressed that the need to continue this project would persist also following the successful conclusion of the Uruguay Round.

9. Greater efforts should be made to mobilize resources to support UNCTAD's technical cooperation activities. In this respect, concern was expressed about the decline in UNDP resources. Both multilateral and bilateral donors were urged to increase their resource support for technical cooperation activities in Africa. Possibilities of additional resources should be explored for collaboration on TCDC projects. Many delegations expressed the view that freeing resources from military expenditures could also help.

10. Closer dialogue between Africa and its development partners could promote greater understanding. In this connection, other subregional groupings could establish forums for dialogue, similar to those organized by SADCC countries with their donor countries. Also, the need was felt for greater collaboration with the Global Coalition for Africa.

11. The Board noted the assurances of the secretariat to strengthen the Africa Unit in UNCTAD and requested that the necessary action be taken during the forthcoming meeting of the Working Party on the Medium-term Plan and the Programme Budget.

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Agreed conclusions 404 (XXXIX): Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s

1. In accordance with the relevant provisions of the Programme of Action for the Least Developed Countries for the 1990s, General Assembly resolution 45/206 and the Cartagena Commitment, the Trade and Development Board reviewed progress in the implementation of the Programme of Action. The Board also had an informal exchange of views and an in-depth discussion on improving trading opportunities and domestic and external resource mobilization, including the debt situation and management. The participation of high-ranking officials and experts at the informal sessions contributed to a constructive dialogue.

2. The LDCs reaffirmed their commitment to the implementation of reforms including structural adjustment programmes. The Board emphasized the need for the formulation of medium to long-term strategies for socio-economic development, for which a stable political environment was considered necessary. It was stressed that Governments should properly prioritize their short, medium, and long-term objectives, and the mechanisms through which these could be achieved.

3. It was agreed that progress cannot be achieved without sustainable good governance and the concerted efforts of LDC Governments towards economic and social development. It was further agreed that the objectives stated in the Programme of Action for the LDCs for the 1990s can be fully realized through a strong and committed partnership between the LDCs and their development partners.

4. Among the priorities the following were emphasized: human resource development; strengthened policies to combat the problem of population growth; a revitalization of the agricultural sector and an improvement in the food security situation; more vigorous efforts to mobilize and effectively utilize domestic savings; appropriate fiscal reforms and rationalization of public expenditure in coordination with other macroeconomic and sectoral reforms including trade policy reforms. In this context, the efforts made by the LDCs in respect of reform measures are appreciated.

5. Many delegations, both from LDCs and donor countries, noted with concern that in 1991 ODA to LDCs fell from 0.09 per cent of Development Assistance Committee (DAC) donors' combined GNP in the preceding two years to 0.08 per cent. The performance of six donor countries which in 1991 met the upper ODA target of 0.20 per cent set out in the Programme of Action was noted with satisfaction. Other donor countries expressed their determination to provide substantial ODA to LDCs. The DAC donors were urged to fulfil aid targets and commitments to the LDCs. In addition, the implications of the

enlarged list of LDCs on their resource requirements calls for urgent consideration as recommended in the Cartagena Commitment. Efforts should continue to facilitate timely and efficient utilization of aid. Serious concern was expressed for improved balance between the aid conditionalities and the capacity of LDCs to conform to them. Technical assistance should be better targeted towards strengthening human and institutional capacities in LDCs.

6. The current heavy debt burden of the LDCs continues to be a major strain on export earnings and a major hindrance to their efforts to adjust and expand their economies. Accordingly the need for further debt relief was emphasized by many delegations. The LDCs, and some donors, called for improvement of the scope and coverage of existing debt relief schemes and mechanisms, including those relating to debt service obligations to multilateral institutions. A long-term moratorium on LDCs' debt was also proposed by some delegations.

7. The country review process was considered to be useful, although the scope for its improvement was noted, particularly in relation to follow-up and coordination at the local and sectoral level. However, it was felt that the focus of round table meetings, on balance, had so far been more on policy dialogue than on resource mobilization.

8. It was stressed that properly conceived foreign direct investment (FDI) can be an important vehicle not only for stimulating the manufacturing and processing sectors and for mobilizing savings in LDCs, but also for the transfer of technology and managerial skills. The LDCs also urged their developed country partners to help catalyze their development process through active and appropriate FDI.

9. It was stressed that fair access to all markets is a key instrument for the promotion of trade and development. In view of their marginalization in world trade, it was proposed by the LDCs that the Final Act of the Uruguay Round should include a distinct chapter embodying the specific provisions for LDCs covering the elimination of tariff and non-tariff barriers for both primary and processed products. The LDCs are of the view that the Draft Final Act (DFA) of the Uruguay Round does not adequately reflect the needs and requirements of LDCs in terms of their access to markets and the new issues such as trade-related intellectual property rights, trade-related investment measures and services. LDCs, joined by a number of other delegations, requested that a high-level group should be organized to examine thoroughly the provisions of the DFA as they relate to LDCs and propose concrete measures for inclusion in the Final Act of the Uruguay Round.

10. The need for adequate and timely preparations for an effective and comprehensive mid-term review of the Programme of Action in 1995 was stressed. In order to ensure effective follow-up, it was felt that UNCTAD's participation in country-level monitoring should be strengthened, notably through enhanced participation in the country review process. Collaboration between UNCTAD and the Bretton Woods institutions was noted. UNCTAD, in collaboration with all relevant parts of the United Nations system should undertake substantive and thorough preparations for a comprehensive mid-term review of the Programme of Action, as recommended in General Assembly resolution 45/206.

11. It was emphasized that the LDC Annual Report, the quality of which was favourably commented upon, and other work done by UNCTAD on LDCs, should be made available throughout the United Nations system.

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C. Other texts adopted by the Trade and Development Board

1. Report by the Vice-President (United States of America) on the Consultations on agenda item 2

1. The Trade and Development Board recalled that the Cartagena Commitment emphasized the need for strong policies for human resource development (HRD) to enhance the participation of developing countries and countries in transition in the world economy (paragraph 63 (1) of the Cartagena Commitment). It noted that sound investment in HRD contributes to improved export performance and increased international competitiveness. It welcomed the report prepared by the secretariat on the development of human resources for trade (TD/B/39(2)/14).

2. The main elements of the discussion were:

(a) National HRD policies, based on a close partnership among the Government, training institutions and the business community, constitute an essential element in responding to rapid changes in the international economic and technological environment. This partnership also helps in establishing the appropriate national policy framework for the effective use of human resources and for the related objective of institution/capacity building. Women's special needs and opportunities should be taken fully into account in the planning and implementation of HRD programmes. The HRD dimension of trade in services should also be addressed.

(b) Strengthening of local training institutions implying, in particular, special efforts in the training of local trainers and HRD managers, is a necessary condition for the long-term sustainability of training capacities. It also permits the necessary adaptation of training material to the local socio-cultural and trading environment. Training should encompass the development not only of technical skills but also of managerial capabilities.

(c) The network approach, involving the sharing of training material, experiences and trainers, allows cost-effectiveness in the training process, enhances the credibility of local training institutions and facilitates access to centres of excellence abroad (universities, research centres, etc.).

3. The Board noted the importance of adopting national HRD policies for trade based on the above considerations.

4. Considering the experience already demonstrated by UNCTAD in technical cooperation in the field of HRD in trade and related areas, the discussion:

(a) Showed strong support by members for the continuation and implementation by UNCTAD of well-focused HRD activities in trade and trade-related areas, as requested by member countries. Such activities should be carried out in close cooperation with ITC and other relevant organizations, paying special attention to the particular constraints and needs of LDCs and geographically disadvantaged countries;

(b) Indicated, among other programmes, particular approval of and interest in the systematic approach of TRAINMAR and the new programme of TRAINFORTRADE as a practical contribution to the policy orientations outlined in paragraph 2 above, particularly their long-term approach to local capacity-building and network development;

(c) Highlighted the need for UNCTAD to promote actively the development of HRD networks among research, training and technological institutions in trade and trade-related areas, by identifying institutes and enterprises in member countries desirous of cooperating with each other. In this context, use should be made of technologies disseminated in the Trade Efficiency Programme and the Trade Points established thereunder for the exchange of information and of training material;

(d) Noted that UNCTAD's intergovernmental expert work, for instance on trade efficiency, also contributes to the development of appropriate HRD policies on trade.

5. Members of the Board also expressed appreciation to donor countries and organizations for their support to UNCTAD's HRD activities and invited them to continue and, where possible, expand their contributions to enable UNCTAD to respond to requests from member countries. In addition, attention was drawn to the desirability of developing countries' utilizing bilateral and multilateral funds available to them to benefit from UNCTAD's technical cooperation activities in the field of HRD.

2. Message from the Trade and Development Board to the Governments participating in the Uruguay Round of Multilateral Trade Negotiations

1. The Trade and Development Board of UNCTAD at the second part of its thirty-ninth session, held in Geneva from 15 to 26 March 1993, considered developments and issues in the Uruguay Round of particular concern to developing countries. In this context, the members of the Board stress that an early and successful conclusion of the Uruguay Round should be viewed as a prerequisite to a return to the path of growth, trade expansion and an improved world economic climate. It is the only way to strengthen the international trading system at present and to give confidence to developing countries and economies in transition that would encourage their economic and trade liberalization reforms.

2. The Draft Final Act of the Uruguay Round should be finalized in a balanced manner, taking into account all issues of interest to developing countries and their development, financial and trade needs in accordance with the Punta del Este Declaration, and be supplemented by a comprehensive market access package on goods and services, in particular covering items of export interest to developing countries. Special attention should also be given to the problems of the least developed countries with a view to integrating them in the global trading system. An evaluation of the results of the Uruguay Round from the point of view of the developing countries is foreseen in Part I, Section G, of the Punta del Este Declaration.

3. The members of the Board recognize the urgency of all Governments participating in the Uruguay Round, and in particular the major trading nations, exercising fully their responsibilities and leadership, and attributing the highest political priority to bringing these negotiations to an early and successful conclusion.

3. Report of the Chairman of Sessional Committee I on agenda item 4

1. In accordance with paragraphs 143 and 144 of the Cartagena Commitment, Sessional Committee I discussed developments and issues in the Uruguay Round of particular concern to developing countries. There was unanimity that the successful completion of the Uruguay Round represented a high political priority for all Governments participating in these negotiations in view of their importance for resuming economic growth and strengthening the international trading system. In this connection, Sessional Committee I agreed by consensus that the Trade and Development Board send a Message to the Governments participating in the Uruguay Round of multilateral trade negotiations. (For the text of the Message, see section 2 above).

2. The Message will be submitted to the President of the Board as an important policy outcome of this session.

3. The Committee also held important informal discussions on the Uruguay Round with the participation of Mr. Arthur Dunkel, Director-General of GATT. It was felt that such cooperative forms of work between UNCTAD and GATT should be actively pursued in the future.

4. In the course of the discussions several substantive views were communicated from various delegations. Among these were the following:

(a) Many delegations considered as very important and timely the initiative by H.E. Carlos Saul Menem, the President of Argentina, in addressing a letter, on 11 March 1993, on behalf of 37 Governments, to the President of the United States, the Commission of the European Communities, the Council of the European Communities and the Prime Minister of Japan. This letter had addressed the main issues involved in the final stage of the Uruguay Round and had urged that the highest priority be accorded to efforts aimed at an early and successful conclusion of the Uruguay Round.

(b) Delegations from developed countries recognized their responsibility and reconfirmed their political desire to bring the Round to a successful and balanced conclusion. It was also felt that the United States, the European Communities and Japan needed to provide leadership at this critical stage of the Round.

(c) The delegations representing the least developed countries urged the international community and in particular the participants in the Uruguay Round to recognize the special difficulties of these countries and provide for a differential and more favourable treatment to them in specific negotiating areas, including in relation to market access, rules of origin, anti-dumping, technical barriers to trade, safeguards, sanitary and phytosanitary measures, textiles and clothing, trade-related intellectual property rights, trade-related investment measures and trade in services. In their view, the concerns of the least developed countries should be fully addressed with a view to integrating them in the global system of trade in an equitable manner.

(d) The specific concerns of other developing countries, in particular African countries and net food-importing developing countries should be taken into account in the Uruguay Round.

(e) Some delegations emphasized that both the degree and scope of involvement of developing countries in the Uruguay Round were unprecedented. They had made substantial efforts to create a secured and rational environment for free trade in pursuing the objectives of the Punta del Este Declaration. Many developing countries stressed that they had implemented programmes of trade liberalization reforms autonomously, assuming that their export-driven adjustment programmes would be complemented by improved market access and strengthened disciplines at the international level, in particular through a successful conclusion of the Uruguay Round; on that understanding, they had submitted generous offers for market access in goods and services. However, in their opinion, some developed countries not only failed to respond positively to these gestures, but were also introducing new concepts that could question the merits of an open free-trade system and negatively affect trade prospects of developing countries. In this connection, countries exporters of bananas from Central and South America expressed their dissatisfaction and deep concern over the new bananas import regime in the European Community that was contrary to the objectives of the Punta del Este Declaration on trade liberalization. Some ACP countries stated that the European Communities had entered into contractual obligations with the ACP countries in respect of bananas under the Lomé Convention, and that they expected that these obligations would be honoured and respected.

(f) Most delegations felt that the Draft Final Act provided the basis for an early and successful conclusion of the Uruguay Round, which should be finalized in a balanced manner, incorporating a comprehensive market access package for goods and services, in particular covering items of export interest to developing countries.

(g) Some delegations were of the opinion that it was crucial that transparency be fully assured in plurilateral/multilateral negotiations and in specific consultations among participants in the Uruguay Round.

(h) It was emphasized that an evaluation of the results of the Round relating to trade in goods should be carried out in accordance with Part I, section G, of the Punta del Este Declaration in order to ensure that developing countries received differential and more favourable treatment.

(i) Several delegations emphasized the valuable role which UNCTAD, as an assembly with universal membership and a particular role in the promotion of the trade and development prospects of the developing countries, could play in this process. UNCTAD was competent to follow the developments in the Uruguay Round within its mandate and to review international trade issues that had a bearing on the development process. It was also particularly important that the Trade and Development Board study the substantive developments in the international trading system, inter alia, relating to significant modifications in trade policies of both developed and developing countries with a view to identifying problems and opportunities in international trade in the 1990s.

5. It was agreed that this report will be presented to the executive session of the Trade and Development Board on the Uruguay Round, to be held on 27 April 1993. Some delegations expressed an opinion that the deliberations in Sessional Committee should be aimed at obtaining agreed conclusions. Other delegations felt that on this particular item a Chairman's summary or report would be sufficient. It was agreed that the present report does not create any precedent for future meetings.

4. Report by the Vice-President (Morocco) on the Consultations on agenda item 7

1. The informal consultations on agenda item 7 were held on 22 and 24 March 1993. The discussions took into consideration the introductory statement made by the representative of the secretariat and documents TD/B/39(2)/20 and TD/B/39(2)/Misc.1, as well as statements made by several delegations on this item in plenary.

2. As a result of a good, frank general debate on the issue the following agreement was reached by consensus:

(a) to request the President of the thirty-ninth session of the Board to conduct, for about two days in the week of 14-18 June 1993, informal consultations on the draft terms of reference and the timetable of the Ad Hoc Working Group to explore the issue of structural adjustment for the transition to disarmament with a view to facilitating a prompt decision on this issue by the Board;

(b) to request the Secretary-General of UNCTAD to prepare revised draft terms of reference of the Ad Hoc Working Group, taking into account views and statements on this issue, as well as a compendium of comments submitted by member States, and to circulate both documents well in advance of the informal consultations mentioned above;

(c) to establish, at the first part of the fortieth session of the Board, the terms of reference of the Ad Hoc Working Group to explore the issue of structural adjustment for the transition to disarmament as well as its timetable. It was suggested that the first session of the Ad Hoc Working Group should take place as early as possible in 1994.

5. Terms of reference of the proposed Intergovernmental Group of Experts on Ports

1. The Group of Experts will examine factors which can contribute to efficient management and sustainable development of ports and related port services in order to foster competitive maritime transport services and to strengthen capacities for trade.

2. In carrying out its task, the Group of Experts will:

(a) Focus on two main elements of the new work programme, namely:

- Port organization, including issues relating to privatization, commercialization, deregulation and existing legislation;
- Port management, including issues relating to human resources development, strategic planning, marketing, sustainable development and investment requirements;

(b) Supplement the expertise available in the secretariat through the presentation by selected ports of the experience gained in the fields of port organization and port management;

(c) Assess, while having due regard to competition between ports, the potentialities for increased regional cooperation between ports, in the fields of port organization and management;

(d) Review the relevant publications produced by the secretariat at the request of the 1990 Intergovernmental Group of Experts on Ports by:

(i) examining their distribution and assessing the interest they generated, the applicability of their relevant recommendations and what additional information is needed for the development of competitive ports and related port services, particularly those located in developing countries and countries with economies in transition;

(ii) providing inputs from the port industry on significant gaps in existing information on port organization and management available from international organizations, port associations, seminars, conferences, and publications to ascertain whether there is a need to strengthen the dissemination of the available information;

(iii) providing professional opinion on specific subjects of the approved work programme on which the Standing Committee on Developing Services Sectors (Shipping) should accord priority;

(e) Review the work carried out by the secretariat in the field of port management training and technical cooperation, assess its impact on the development of competitive ports and related port services and, in this context, assess the needs that are not met through the various types of training available from bilateral and multilateral sources in order to ascertain potential areas for future UNCTAD activities in this field;

(f) Prepare a report on the above items for submission to the Standing Committee on Developing Services Sectors (Shipping) at its second session.

PART II. SUMMARY OF PROCEEDINGS

INTRODUCTION

1. In his opening statement, the President expressed his firm conviction that much progress had been made towards translating the decisions of the Conference into a more effective way of conducting the business of UNCTAD. The generally positive evaluations made by member States on various recent occasions suggested that this was a widely shared conviction. The new intergovernmental bodies envisaged by the Conference were now fully operational and in the process of tackling their work programmes, all of which were characterized by an action-oriented investigation of both old and emerging issues. At the same time, the quality of intergovernmental debates and their relevance for national policy-makers had been considerably enhanced, not only by the new work methods but also by the increased participation of national experts and non-governmental actors and the prominence given to individual country experiences. Moreover, the introduction of executive sessions had enabled the Board to react in a timely fashion to the reports of its subsidiary bodies, to launch new initiatives or to give political impetus to others as necessary. It was clear, however, that further reflection was necessary on the role of the executive sessions to ensure that this mechanism realized its full potential.

2. Having reviewed the main substantive items on the agenda of the current session, he said that the Board faced two weeks of intense activity and could produce concrete results only if the limited time available was efficiently managed and if there was a high degree of transparency to avoid misunderstandings and unnecessary delays. Furthermore, he would like to see further progress made in giving UNCTAD's work more visibility and recognition. The statements made by several member States in the past year suggested that there was widespread agreement on UNCTAD's growing capacity to help shape the international community's views and its collective action on important issues of trade and development. He believed that whenever the member States were able to reach a consensus on such issues, they should seek to give it the status of an official document in order to ensure that UNCTAD's voice was heard by public opinion and by policy-makers. In the case of the Board, member States might wish to consider making an official and public pronouncement if a convergence of views was achieved on the many important issues on the agenda.

3. With regard to the current review of the economic and social sectors of the United Nations, he observed that, although the manner of implementation of this exercise had yet to be defined, it was clear that UNCTAD was likely to undergo further structural changes which would also concern the secretariat. These changes would, moreover, follow closely upon a restructuring exercise undertaken in response to the reforms contained in the Cartagena Commitment. Concurrently, and within the limits imposed by a tight resource situation, the secretariat had been responding to the needs of UNCTAD's reformed intergovernmental machinery. Since it was likely that these constraints on the secretariat's capacity to provide such substantive support would not ease in the foreseeable future, any initiative likely to facilitate this task would clearly also benefit the Board and its subsidiary bodies. Such initiatives could range from something apparently minor, such as greater clarity in the

instructions given to the secretariat, to more consequential actions such as an enhanced commitment by member States to UNCTAD's work through the provision of country case studies, national experts and extra-budgetary resources.

4. In conclusion, he said that much had been achieved in a relatively short time, but much also remained to be done. UNCTAD had before it new and challenging work programmes both in old and new areas. They would have to be implemented within narrow time-frames and with relatively scarce resources. Success would depend largely on the ability of all parties to work efficiently and with a clear sense of purpose. The latter was clearly stated in the Cartagena Commitment: to achieve steady rates of sustained growth in all countries and accelerate the development of developing countries, so that all peoples could enjoy economic and social well-being.

5. The Deputy to the Secretary-General of UNCTAD evoked the growing uncertainty about the outcome of the Uruguay Round. Recent developments suggested that there was now a risk of forfeiting the prospective benefits from freer trade which countries had been seeking collectively for more than six years. There was even a possibility that there might be a regression from starting positions, in which case the world economy as a whole would suffer, although the developing countries would be the major losers in view of the considerable benefits in the agreements already reached in areas such as tropical products, textiles and services. Moreover, the consolidation of regional trade blocs centred on the developed countries could also have adverse effects on the developing countries. In these circumstances, the world urgently needed a balanced and comprehensive conclusion of the Uruguay Round. The existing draft Final Act still seemed to offer the best basis for such a conclusion, although it would need to be supplemented by a market access package on goods and services, especially on items of export interest to developing countries. The draft also implied a drastic increase in developing countries' obligations. Stricter disciplines would be in their interest, however, provided their major trading partners incorporated their own obligations into their national legislation and renounced bilateral or unilateral approaches in dealing with weaker trading partners.

6. In the coming years, coordinating macroeconomic policies and rapidly changing technology could give rise to considerable new trade tensions and the international community would be well advised to anticipate these problems. UNCTAD should be prepared to play a constructive role in the required analytical work and consensus building. One of the reports submitted by the secretariat set out preliminary ideas on establishing early-warning systems, as recommended in the Cartagena Commitment.

7. Turning to the question of trade policy reform, he observed that the structural adjustment and trade liberalization efforts of the developing countries in the late 1980s and early 1990s had not been matched by corresponding negotiating concessions on the part of their developed partners. Unless the developed countries became more flexible in opening up their markets, the simultaneous adoption of liberal trade regimes by many developing countries would depress still further the export prices of their raw materials and manufactures. The secretariat had studied the experience of trade policy reform in a number of successful countries, and the lessons were now being incorporated into technical cooperation projects. The report by the

Secretary-General of UNCTAD on the development of human resources for trade (TD/B/39(2)/14 and Corr.1) described also the UNCTAD training activities on trade policy reform and other trade-related issues.

8. A third trade-related issue with far-reaching consequences was that of globalization and competitiveness. As a result of the advances in information and communications technologies in the 1980s, a growing share of international trade now took place within corporations or among related firms. Corporate decisions on sourcing, production and marketing were increasingly taken within a global frame of reference, often in the context of strategic alliances, in particular among TNCs. Countries that had succeeded in attracting foreign investment and in expanding their exports had been simultaneously taking action to strengthen their technological base and to become integrated into global production processes. The international community therefore needed to help developing countries gain access to the new technologies and to absorb them in order to avoid their marginalization in the world economy. UNCTAD was now well placed to contribute to this effort both through the programmes and activities on TNCs and science and technology whose transfer from New York to UNCTAD was proposed in the United Nations Secretary-General's revised budget estimates, and through the comprehensive work programme adopted by the Ad Hoc Working Group on Interrelationship between Investment and Technology Transfer. The eventual integration into UNCTAD of all investment and technology related activities should result in a highly beneficial synergy.

9. The threat of marginalization applied particularly to the LDCs, most of which were in Africa. The Least Developed Countries 1992 Report (TD/B/39(2)/10) showed that the share of the LDCs in world trade during the 1980s had more than halved. A reversal of this trend could not be achieved by the LDCs alone, since the decline in their terms of trade had had a serious impact on investment in the tradeables sector. Moreover, they were not likely to be drawn into the global production process in view of their technological backwardness. In general, the proposed liberalization of agricultural trade would probably increase the difficulties faced by these countries since their tropical primary products had low income elasticities and their imports of temperate-zone food products would be affected by higher world prices. To derive long-term benefits from trade liberalization, the LDCs needed to be provided with adequate compensatory measures and appropriate technical cooperation designed to complement their own efforts. They were already benefiting from various UNCTAD activities in these areas and the current session of the Board offered a good opportunity to promote a better understanding of their problems and to resolve them.

10. Finally, having reviewed the positive accomplishments over the past year of the new intergovernmental bodies established as a result of UNCTAD VIII, he cautioned that the objectives of the ambitious work programmes would not be easy to achieve. It would entail further adjustments in secretariat arrangements as well as greater involvement of governmental and other experts and closer cooperation with other parts of the United Nations system. The new focus on country experiences was likely to yield many useful indications for the design of effective national policies by developing countries and for the conduct of their relations with their development partners. There was reason to believe, however, that the developing countries' own efforts would not have the desired outcome without a supportive international economic environment. The loosening of constraints on the developing countries such as heavy

external debt burdens, inadequate flows of development finance, high trade barriers and depressed commodity prices and terms of trade depended very much on improved policies in the developed countries and on strengthened policy coordination among them. He expressed the hope that the forthcoming Tokyo Summit of the Group of Seven would register progress in this direction.

11. The spokesman for the Group of 77 (Zimbabwe) said that, although the rapid changes taking place in the world were going in the direction of greater democracy and liberty, they had not so far brought about the economic and social benefits so urgently needed by the developing countries. Their food import dependence and foreign debt had increased while flows of capital to them had been greatly reduced. Their lack of access to investment and technology hampered their prospects for growth and integration into the world economy. Improved access to markets for developing countries was essential for a sustained reform of the international trading system. Particular attention should be given to agricultural trade subsidies, anti-dumping measures, and trade-related environment measures. UNCTAD had a clear role to play in developing an early-warning perspective for avoiding and mitigating trade conflicts. UNCTAD should also identify areas where developing countries had advantages in the world market. There should be greater coherence between trade and competition policies, and a balance between the protection of intellectual property rights and free trade and competition. Developed countries should promote policies for facilitating the transfer of technology to developing countries. Foreign direct investment was another crucial area. The policies and measures adopted by many developing countries to attract such investment had proved inadequate and there was thus a need for specific initiatives targeting particular groups of investors and enterprises.

12. With regard to the slow progress in the Uruguay Round, he said that the developing countries had made substantial concessions in all parts of the draft Final Act and they had become the primary advocates of a liberalized and rule-based international trading system. Yet they had received no credit or recognition for these efforts. They were concerned that the major powers were procrastinating in taking the tough political decisions necessary to bring the Round to a successful conclusion. The introduction of certain "new issues" into the negotiations had raised difficulties for the developing countries and UNCTAD's consensus-building machinery should be fully mobilized to address the "Trade agenda for the 1990s" to enable the developing countries to ensure that their interests were fully reflected in the themes for future MTNs.

13. Turning to the review of progress in the Programme of Action for the Least Developed Countries, he said that the Group of 77 was deeply concerned that, despite the policy reforms implemented by the LDCs, economic performance in most of these countries had been well below expectations in the early 1990s. As a result of the world recession, ODA flows to LDCs had fallen from 0.09 per cent of the combined GNP of OECD countries in 1989 and 1990 to 0.08 per cent in 1991. At the same time, there were major new claims on external financial resources, among them those of the countries in transition to a market-economy system. The external debt burden of the LDCs continued to be very heavy and hindered their efforts to adjust and reactivate their economies. He urged development partners to take urgent measures to reduce the debt stock and debt servicing burden of the LDCs, in line with the

provisions of the Programme of Action and other recent initiatives. He also looked forward to agreement at the current session on appropriate adjustments to the ODA commitments called for in the Programme.

14. With regard to the item on Africa, the Group of 77 attached great importance to regional cooperation and considered that the orientation given in the secretariat report (TD/B/39(2)/11) deserved serious consideration. The report also indicated clearly areas in technical cooperation where a shift in emphasis might reflect more fully the present-day needs in the region. Support for sectoral adjustment policies, for example, was important. Other areas of greater technical assistance support could include transport and communications, the financial sector, enterprise sector, reform programmes and human resources development. The Group of 77 welcomed indications of greater inter-agency cooperation in all these areas.

15. Referring to the issue of transition to disarmament, he noted that the early hopes that had been held with the end of the Cold War had proved to be misplaced. The structural adjustment for the transition to disarmament and conversion of military capacities to civilian uses was now viewed as a difficult and painful process fraught with serious economic, social and political costs and risks which, in certain cases, might outweigh benefits, at least in the short and medium term. UNCTAD should play an important role in contributing, within its mandate, to international efforts and cooperation aimed at making disarmament as supportive as possible to economic growth and development by minimizing costs and maximizing benefits involved. It was now time for the Board to establish the terms of reference and the timetable for the work of the Ad Hoc Working Group on structural adjustment for the transition to disarmament, taking into account the work already done in this area elsewhere, as well as availability of resources in the secretariat after completion of its restructuring.

16. He detected a broad consensus that ultimately there should be no conflict between trade and sustainable development. Policy action, both at the national and international level, was required to ensure that environmental and trade policies were mutually supportive with a view to achieving sustainable development. The issues identified at the first part of the thirty-ninth session - financial instruments for environmental protection; economic and regulatory tools for sustainable development; and sustainable development at the national level - were appropriate topics for consideration. As to the sequencing of intergovernmental discussions on these topics, the Group of 77 supported the suggestion in the secretariat's paper that each of these topics be considered once before UNCTAD IX, at the second part of the Board's annual sessions (it being understood that the Board would consider the topic of trade and environment at the first part of each of its annual sessions, starting with the fortieth Board next autumn).

17. Regarding UNCTAD's work in the area of trade and environment under Agenda 21, he considered that the activities listed in TD/B/39(2)/CRP.2 were all very relevant for UNCTAD's programme of work at both the intergovernmental and secretariat levels. The Group of 77 was also of the view that the draft response of the Board in response to paragraph 25 of United Nations General Assembly resolution 47/191, prepared by the secretariat

in the annex to TD/B/39(2)/CRP.3 was adequate as it stood. His Group endorsed the programme of work as set out in TD/B/39(2)/CRP.3 and supported the idea to deal with trade and environment in the first part of each annual session of the Board, up to UNCTAD IX.

18. Recognizing the importance of effective development of human resources in facing the new challenges of the 1990s, he said that developing countries realize that it was for them to put in place the appropriate institutional framework for the development of their human resources. However, these national efforts needed to be supplemented in most cases by technical support from the development partners and by international agencies. In this connection, he recalled the significant contribution made by the various UNCTAD training activities. The Group of 77 called on the secretariat to identify issues for the next round of MTNs and to provide technical assistance to the developing countries. He urged the Board to provide proper guidance to the secretariat in its continuation of research and technical cooperation on the important subject of human resources development. The Group of 77 also supported the appeal of the Secretary-General for additional resources to enable the secretariat to undertake the work and technical cooperation agreed upon.

19. The representative of Denmark, speaking on behalf of the European Community and its member States, observed that the Board was meeting against the background of a difficult world economic situation. In 1992 the world economy had grown by only 0.4 per cent. In the industrialized countries growth had been 1.5 per cent, and the economies in transition had witnessed a collapse of 18.4 per cent. The situation in developing countries as a whole had been significantly better, with a growth of 4.5 per cent, and some developing countries had experienced even higher growth. It was, however, important to remember that - as mentioned in the UNCTAD Least Developed Countries Report 1992 - LDCs were below the average, and African LDCs had a negative growth of 1.2 per cent. Thus, since the first part of the thirty-ninth session the aim of satisfactory growth had not materialized. Recently, however, some indicators had pointed to prospects of an upturn in parts of the industrialized world, and the Community hoped that these encouraging signs heralded high and sustained world-wide growth. The Community firmly believed that an early, balanced, comprehensive and successful conclusion to the Uruguay Round negotiations was essential to economic growth in all parts of the world.

20. Commenting on the work done in UNCTAD in the year that had elapsed since UNCTAD VIII, he recalled that the Community had already pointed out that the work programmes adopted by the new intergovernmental bodies were very ambitious. Work programmes should adequately reflect the time available, and he reiterated the importance of rationalizing the use of UNCTAD's scarce resources. Clear priorities had to be set, and transparency in the use of resources was essential. Having said this, he believed that the stage was now set for the important substantive work to begin and this work had the full support of the Community. The next phase of the work, however, would not be easy. It was the responsibility of all participants to secure the continuation of the reforms and the achievement of the set objectives.

21. A great deal of work was to be carried out by the UNCTAD secretariat. Moreover, stemming from the restructuring process of the economic and social sectors of the United Nations, it was proposed to transfer functions to Geneva, notably in the area of transnational corporations and science and technology, and this implied new responsibilities and additional resources for the secretariat. While the additional resources offered the opportunity for synergy with the existing capacities, it was imperative that the reform of UNCTAD, which had been carefully crafted at Cartagena, was given full effect and was not endangered. The secretariat must be fully able to undertake the tasks assigned to it by the Cartagena Commitment and the subsidiary bodies of the Board, while, at the same time, meeting the new responsibilities which followed the allocation of additional functions. The secretariat was now faced with the task of ensuring that transferred staff would be fully integrated and that its in-house structure was designed to secure a balanced servicing of all UNCTAD bodies. Again, enhanced transparency and sharing of information with the member States were essential to securing credibility.

22. The reforms agreed upon at Cartagena also comprised new and more efficient methods of reflecting the conclusions of the Board's deliberations. The Community strongly supported the new approaqh, which aimed at giving a less formal character to the outcome of deliberations. To provide guidance for the future work, careful consideration must be given to which form was the most appropriate in any specific case, i.e. summaries by presiding officers, assessments or agreed conclusions. He cautioned against time-consuming efforts to negotiate final texts where these were unnecessary. As for the executive sessions of the Board, he felt that they should play an effective role in the preparatory work of the Board and should be entrusted with securing the follow-up on issues dealt with at regular sessions. A possible future assessment of the effectiveness of the new forum would have to be made by a regular session of the Board. With the experience of only a few such sessions, however, it was still too early to undertake a comprehensive evaluation.

23. Turning to some of the key issues on the agenda, he commended the courageous but necessary efforts made by the developing countries which had realized that they bore the main responsibility for their development and had undertaken structural adjustment and economic reform. Such reforms enabled countries to gain a more favourable environment for private economic activity, which was the main engine of growth. They also gained the possibility to exploit their comparative advantages and to participate more fully in the international markets. Such reforms not only enhanced the mobilization of domestic resources, but also the opportunities for receiving foreign direct investment; and such investment was intimately linked to the transfer of technology.

24. With regard to the LDCs, he noted that their economic performance had been marked by significant differences. The problems affecting these countries, particularly in Africa, were diverse and legion: man-made and natural disasters, political instability, a difficult international economic environment, civil strife and war, AIDS, and severe economic hardship. Both the problems of the LDCs and the African countries called for the special attention of the international community. The issues pertaining to these groups of countries should be more fully integrated into the work of UNCTAD to ensure that their special situation was continuously under consideration.

25. The Community was convinced that a successful conclusion of the Uruguay Round was of crucial importance to all developing countries. He was encouraged by indications that all participants in the Round were now ready to enter into forward-looking contacts. The Community was committed to working with partners towards a successful conclusion to the Round which would bring tangible and substantial benefits to all participants, including the developing countries.

26. The mobilization of financial resources through trade was also linked to human resources development in trade-related areas. UNCTAD had an important role to play in fostering such development and he was pleased to see this topic on the agenda. Domestic resource mobilization was the single most important source for generating development finance. However, external assistance would continue to play a key role. The Community countries would continue to provide substantial ODA, with particular emphasis on assisting the poorest countries. Poverty, population policy, the environment, education, health, the role of women and the welfare of children merited special attention. The Community would support in particular those countries that made credible efforts to help themselves through appropriate economic policies and good governance. Likewise the Community would continue to push for improvements in the debt arrangements of the poorest and most indebted countries.

27. The Community considered the work of the newly established Commission on Sustainable Development to be highly important. Hence it was essential to ensure that the basis for the Commission's work was carefully prepared. He regretted that the draft report on the role of UNCTAD in the follow-up of UNCED had been received only a very short time ago. Nevertheless, every effort would be made to reach agreement at the current session on the report to be submitted to the Commission.

28. A matter of deep concern to the Community countries had been the late circulation of documents prepared for the current session. This had been a persistent problem for delegations. Documentation must be made available in time and in all languages, allowing delegations to prepare for the discussions on the agenda items. The secretariat might wish to inform members not only of the reasons for the chronic delays, but also of the secretariat's intentions for remedying this intolerable situation. He warned that the Community countries might, in the future, be forced not to consider items for which the documentation is not available well in advance of meetings.

29. Finally, he stated that the Community remained fully committed to the "Spirit of Cartagena". The reform process must be pursued. The objective was to overcome the disparities and gaps that still divided the populations of the world. An active relationship and dialogue were the way ahead. He also reiterated the crucial importance of respect, promotion and safeguarding of human rights, pluralistic democracy and the role of law in all international cooperation.

30. The representative of China said that, since the first part of the thirty-ninth session of the Board, the world economy had witnessed the emergence of disturbing elements. The slow progress in the Uruguay Round, the growing difficulties in the economic development, trade conditions, financial flows and technology transfer of the developing countries were all matters for

grave concern. More attention should be paid to the increasing political preferences shown in economic activities nowadays. They would no doubt have a major and far-reaching impact on the world economy, and particularly on the development of the developing countries. The research and assessment on these issues by the secretariat at the request of the majority of the member States were not only fully in line with the mandate of UNCTAD but also corresponded to actual needs and realities.

31. As for the work accomplished in the year following UNCTAD VIII, he felt that the programmes adopted by the new intergovernmental bodies had set a very good basis for future work. He hoped that participants in the current session of the Board would tackle the main substantive items in the spirit willed by the Cartagena Commitment so that all countries, and especially the developing countries, could grasp the opportunities and challenges of the 1990s in order to achieve a stable, equitable and reliable world economic system.

32. The representative of the Czech Republic recalled that the Czech Republic had emerged as one of the successor States on 1 January 1993 as a result of the Act on the Dissolution of the former Czech and Slovak Federal Republic. Although the Czech Republic had entered the United Nations as a new State on 19 January 1993, the Czech Republic proclaimed itself to be responsible for the obligations and claims of the former Czechoslovakia. It was no easy matter to split one State into two nations after 74 years of coexistence. He pointed out that the creation of the two States with common boundaries did not mean a full division of the economic area of the former Czechoslovakia. At the beginning of February 1993 two independent currencies had been launched, but the decisive element would be the customs union that had been functioning in this economic area since the creation of two successor States. The important point for partners of the newly created States was that all obligations and claims had been taken over by the successor States - i.e. the Czech Republic and the Slovak Republic.

33. The transformation from a centrally-planned economy to a market economy was following a set pattern, but so far the process had been hampered by the overall economic recession. Recent economic analyses indicated that the bottom had already been reached. In 1992, GDP had dropped by 6.7 per cent, but in 1993 a 1-3 per cent increase was likely. This optimistic estimate was backed by a dramatic and fundamental change in ownership relations in 1993. The private sector would have a lion's share in 1993 once industrial production began to pick up. The transformation process was also having an effect on the structure and territorial orientation of foreign trade. The territorial orientation had changed dramatically, particularly as a consequence of the disruption of the CMEA market and of the abolition of the administratively inward-looking trade regime. The current decrease in exchanges with some countries should be seen as a temporary one.

34. The world had abandoned the post-war bipolar division of the planet. The problems now confronting civilization were so complicated that there was only one possible solution - a global one. The involvement of all countries in the world economy on an equal footing was a crucial condition for guaranteeing permanent sustainable development. A general system of trade and finance should be established with the assistance of international organizations and

at the same time the responsibility of developed and developing countries for international development should be emphasized. UNCTAD was the proper forum for dealing with these problems.

35. The modernization and restructuring of post-communist economies were a part of the overall changes taking place in the world. From the outset, the Czech Republic had opted for a liberal approach based on the standards that were common in developed market economies. Liberalization in the Czech Republic was now, in many respects, at a higher level than - for example - in some developed countries. The Czech Republic was prepared to share its experience with all interested parties.

36. The representative of the Slovak Republic stated that the Slovak Republic had become one of the successor States to the former Federation, not only from the formal and legal point of view, but also in the continuation of its demonstrated democratic traditions in international diplomacy. The Slovak Republic was entering into the obligations and rights of a member State of the United Nations and was also manifesting its determination to become a party to the activities of individual United Nations agencies. It was the United Nations Organization and its wide network of international agencies that provided opportunities for small States, such as the Slovak Republic, to take part in resolving the issues posed by the coexistence among nations. On behalf of the Government of the Slovak Republic, he expressed his country's determination and desire to assume and continue to exercise all general and specific commitments arising from membership in the United Nations Conference on Trade and Development.

37. The representative of Australia said that, now that the work programmes for the new intergovernmental bodies had been agreed, delegations could feel well satisfied with what they had done so far. But there was still a long way to go and although the next step - the implementation of these work programmes in keeping with the Spirit of Cartagena - had the potential to be the most rewarding, it was also the most challenging of all. Part of the challenge was due to the continuing difficult economic circumstances. There were still major uncertainties in global financial markets and in world trade. The recessionary climate of the last few years had not encouraged economic growth nor enhanced the development prospects of developing countries.

38. Australia found it encouraging that, despite these less than favourable conditions, many developing countries had undertaken autonomous and sometimes major economic reform and trade liberalization programmes. It was unfortunate that these steps taken by developing countries had tended to coexist with trends towards increased protectionism in certain developed countries. It should be borne in mind by all that trade liberalization and structural reform could not be a one-way street. They could only be sustained if others also maintained open markets or opened their markets on a global basis. This was an increasingly interdependent world and the reality was that all countries needed to cooperate. The Asia-Pacific economic cooperation process was an example of this kind of cooperation.

39. Recalling an observation made by one delegation at the recent executive session of the Board to the effect that developed countries' involvement in UNCTAD's work on economic cooperation among developing countries was a new and positive development, he said that willingness to try such new ways of working

was important if the international community was to meet the new challenges facing UNCTAD. But there had also been difficulties in adapting to new ways of working. The recent discussion of the decision-making competence of Bureaux was only one example. In that case, Australia was encouraged by the outcome, as it seemed it would lead to a more transparent decision-making process in future. Australia had also been particularly encouraged by work programmes focusing on the newer areas such as services, which had broadened the scope of UNCTAD's work beyond traditional areas such as shipping and insurance.

40. Looking to the future, the member States must ensure that what they had achieved so far was not lost or wasted. This could be done by making sure that the work of all parts of the organization was aimed at achieving UNCTAD's broader goals.

41. The representative of Canada, commenting on the work done since the reforms undertaken in Cartagena, said that all delegations recognized that the reforms would only bear fruit if the output of the Standing Committees and Ad Hoc Working Groups, and of some of the new intergovernmental groups of experts, was seen to be outstanding. It was by the quality and timeliness of policy analysis that the work of UNCTAD would ultimately be judged. Indeed, the timeliness of analysis put forward by the secretariat was as important as substance. Unfortunately, much of the analysis prepared by the secretariat for this session of the Board had been anything but timely. A good many of the documents had been received by delegations only within the past week or two. Some had yet to be received. Clearly, if UNCTAD wished to build up a credible reputation as an organization which produced world class analysis, which policy-makers and key constituencies in member States used to generate informed debate, and perhaps policies as well, these kind of delays should be viewed as unacceptable. His delegation was well aware that the production of the work programmes of the various subsidiary bodies had stretched the administrative capabilities of the secretariat and that it was necessary to implement the Cartagena reforms within existing resources - a requirement which ruled out any absolute increase in resources. In effect, if the vital requirement for timely production of reports was to be met (i.e. if documents were to reach delegations six weeks before meetings at which they would be discussed), it would seem necessary for some tough management decisions to be taken to reallocate the resources needed so that production delivery targets could be met.

42. On another matter of a general nature, his delegation wished to express its satisfaction at some of the new consultative procedures which the UNCTAD secretariat and member States had recently agreed to implement. He referred in particular to the broader consultative mechanisms which member States had agreed to put in place in order to reflect better the post-Cartagena reality that the so-called "group system" no longer served as a useful, reliable mechanism for transmitting the substantive views of member States. The new mechanism, whereby bureau meetings would be open to any interested delegation - which should be so advised - would go a long way towards preventing situations in which bureau recommendations to the Secretary-General of UNCTAD on substantive issues did not take into consideration the views of all member States. So too would the commitment on the part of the secretariat to advise all delegations, in writing, of any recommendations which bureaux made to the Secretary-General.

43. The observer for Cambodia conveyed the good wishes of the Supreme National Council of Cambodia for the success of the current session of the Board and expressed the great satisfaction felt by Cambodia at once again being in the family of nations. The Cambodian people had been through over 20 years of war and suffering. Many years of economic isolation and trade embargoes had prevented his country from ensuring sustainable development. During that period, Cambodia had sunk to the bottom of the list of LDCs. The Paris Peace Agreement of October 1991 would lead to the holding of free and fair elections throughout Cambodia in May 1993, and hence the emergence of a new internationally recognized Government. Thereafter, the possibilities for rehabilitating the Cambodian economy would be greater. The Cambodian people were well aware that their country was located in a fast-growing region, and they were ready to make tremendous efforts in order to catch up. The securing of fair deals with their trading partners would be a major challenge for the Cambodian people, since most educated people had either died or fled the country during the Pol Pot years. External assistance would continue to play a key role in the rehabilitation and reconstruction of the Cambodian economy. The decision taken by the United Nations General Assembly in December 1991 to include Cambodia in the list of LDCs would enable this country to have access to the assistance of the United Nations system as a whole, and UNCTAD in particular. Cambodia hoped to be able to benefit from the precious experience and resources vested in UNCTAD to help it to overcome its handicap as an economic late-comer. He hoped that, from now on, Cambodia would be more actively involved in all activities of UNCTAD.

44. The representative of the Russian Federation said that the current session of the Board was continuing the in-depth consideration of the problems afflicting the world economy initiated at the first part of the thirty-ninth session. Sweeping changes were taking place in the international trading system and the agenda of the Board offered an opportunity to focus on the most important issues, in particular trade policies, structural adjustment and economic reforms. Unfortunately, reform efforts were being hampered by the prevailing world economic recession, as demonstrated in the documents submitted by the secretariat.

45. The economy of the Russian Federation was facing enormous difficulties. The transition from central planning and State control to a market-economy system was a very large-scale undertaking which was proving to be far more difficult than had originally been supposed. Difficulties were encountered in the use of new management instruments as well as in controlling the course and the pace of economic change. The question of trade policies and appropriate instruments had therefore an important role to play in creating favourable conditions for the transition to a market economy and in facilitating the efforts being made by the Russian Federation to integrate its economy into the world trading system. His Government believed that the interests of all participants would be furthered by a reform of the world economic system that sought to ensure greater stability and predictability of access to export markets. Hence the importance of a successful conclusion of the Uruguay Round with a balanced outcome for all countries.

46. According to specialist estimates, restrictions imposed by foreign trading partners were adversely affecting Russian foreign trade by some $3 billion, which approximately equalled the amount of promised external financial support. His country was ready to observe the rules of the game

and strengthen surveillance of its commodity exports but it did expect in return not to be the subject of discrimination. He conceded that, owing to the difficult economic situation, there had been a drop in the Russian Federation's trade turnover with developing countries, but the Government was making every effort - including through the preservation of its GSP scheme in full - to maintain the level of this trade and he appealed for understanding and patience on the part of the developing countries while the Russian Federation was passing through this period of transition.

47. Referring to the proposal for an early-warning system to help identify and deal with key emerging issues of trade and development, as reflected in paragraph 52 of the Cartagena Commitment, he stated that his delegation was in favour of this initiative. He cautioned, however, that such a system should not duplicate the corresponding mechanisms in other economic forums but should rather deal in long-term forecasting. Moreover, it should not entail any increase in the UNCTAD budget.

48. The review of progress on the Programme of Action for the LDCs and in the technical assistance activities for the benefit of African countries touched on important matters. African countries were facing acute economic difficulties and the food crisis in the Horn of Africa was a matter of the utmost concern. The importance of economic reforms in Africa was thus growing and it was now imperative to seek out additional ways of achieving development. External resources would be needed to support this effort and it would be appropriate to establish links between external debt and debt management.

49. Turning to the conversion of military resources for peaceful purposes, he said that this issue was an integral part of the political changes taking place in international relations. The Russian Federation was interested in a wide-ranging conversion of resources for this purpose and he called for greater international cooperation on a multilateral and regional basis. UNCTAD was still seeking to determine what could be its optimal role in this area, and the steps taken needed to be supported both institutionally and financially.

50. He expressed his delegation's support for the current reform of the economic and social sectors of the United Nations system, including the measures being proposed for UNCTAD. The reforms should result in an enhanced effectiveness for economic and social activities. He hoped that the process would be undertaken in an open and transparent manner. As far as UNCTAD was concerned, any restructuring should reflect the new orientations laid down in the Cartagena Commitment, and the current budgetary allocations and level of staff should not be reduced. In line with the terms of the Commitment, UNCTAD should be in a position to respond at all times to current problems in the world economy.

Chapter I

FOLLOW-UP TO THE RECOMMENDATIONS ADOPTED BY THE CONFERENCE AT ITS EIGHTH SESSION: POLICIES FOR HUMAN RESOURCE DEVELOPMENT, WITH PARTICULAR REFERENCE TO TECHNICAL COOPERATION ACTIVITIES FOR TRADE AND DEVELOPMENT

(Agenda item 2)

51. For its consideration of this agenda item, the Board had before it a report by the UNCTAD secretariat entitled "The development of human resources for trade" (TD/B/39(2)/14 and Corr.1).

52. In his introductory statement, the Deputy to the Secretary-General of UNCTAD recalled that at UNCTAD VIII member States had recognized the importance of human resources development policies to enhance the participation of developing countries and countries in transition in the world economy. The quality of human resources was an essential factor of competitiveness in the changing international environment, and he emphasized the linkages between human resources development, economic and technological transformation, and the competitive advantages of nations. Effective human resources development policies were important, but most developing countries faced difficulties in mobilizing resources to that effect. International cooperation could contribute to strengthening the human capital of developing countries. Sustained capacity-building and cooperation between Governments, training institutions and business communities were desirable objectives of international cooperation strategies for trade-related training. Finally, he said that the secretariat attached importance to human resources development in the context of technical cooperation, and outlined the three principal training approaches already implemented through UNCTAD's programmes: (1) seminars and round-tables on current policy issues; (2) training events related to specific UNCTAD programmes (e.g., GSP, trade efficiency, debt management, multi-modal transport); and (3) comprehensive and structured training programmes in the areas of maritime transport (TRAINMAR) and international trade (TRAINFORTRADE, in cooperation with ITC).

53. The representative of Austria discerned a widespread consensus that human capital was the most important form of capital and that education was an important factor in promoting economic growth. He stressed the importance of particular conditions, such as democracy, human rights, and the rule of law, in enabling the successful development of human resources as a factor in economic growth, in addition to the need to consider the gender-specific implications of human resources development programmes. He commended UNCTAD's very useful role in these activities in trade and related areas and recalled that Austria had actively contributed to the seminars on the Generalized System of Preferences. Austria supported the priority given to strengthening local training capacities and developing local training structures in developing countries. Transferring expertise to local institutions should be pursued and learning should always be linked to the actual working and living conditions of trainees.

54. The representative of Argentina noted the progress achieved by UNCTAD, in nearly 30 years of its existence, towards the recognition of critical factors of competitiveness and economic success, particularly since the emergence of significant changes on the international economic scene and the abandonment of certain paradigms. He expressed full support for the technical cooperation activities of ITC and UNCTAD, stressing the importance of filling the directorship of the former, and encouraged the development of information networks that would serve as advance warning systems regarding shifts in trading practices and regulations that could give rise to conflicts in the international economy.

55. The representative of Denmark, speaking on behalf of the European Community and its member States, commended the secretariat for the brief and precise documentation on this item which had been available in good time. Human resources development was a central element of the development process, both for public administration and the productive private sector, and there were high returns to investment in this area. The democratic basis of the economy, the respect for human rights and the accountability of Governments were also important elements in this process. Human resources development was critical for meeting such challenges as technological changes, the emphasis on sustainable development, international competition, and the privatization trend. However, human resources development was a multifaceted objective, and UNCTAD could not, and should not, address all aspects of this issue. UNCTAD should continue to focus its human resources development activities and to avoid duplicating the work of other international organizations and to ensure that it operated in line with its general mandate. Supporting developing countries in their efforts to develop human resources remained a priority. In general, he expressed satisfaction with UNCTAD's current activities in the field of human resources development, and noted the importance and relevance of training activities on the GSP, multimodal transport, ASYCUDA, as well as trade efficiency, TRAINMAR, and TRAINFORTRADE. The two latter programmes were particularly useful in view of their multiplier effects and economies of scale. He encouraged UNCTAD to pursue the development of these programmes, taking into consideration a number of recommendations. He suggested, for example, an increased emphasis on the development of human resources in the private sector although he recognized that training of civil servants was recognized as an important factor of trade promotion. He urged UNCTAD to act as a catalyst for cooperation between the private sector, training institutions and government administrations. He also encouraged the consideration of the gender issue to promote the participation of women in the human resources development programmes of the organization, and requested that the Board be provided with information of the actual budget allocations to human resources development, particularly TRAINFORTRADE and TRAINMAR. Finally, he described the Community's involvement in human resources development activities, in particular, through the Centre for the Development of Industry (CDI), which had implemented some 300 technical assistance projects in the ACP group of countries in 1991.

56. The spokesman for the Asian Group (Sri Lanka) distinguished two categories of challenges facing developing countries in the sphere of international trade in the 1990s: traditional difficulties were likely to remain in market access and the lack of know-how and resources, in addition to a number of new issues, stemming from the recent changes in the global economy, technological changes, trade in services, trade policy reforms and

environmental concerns. These changes seemed to marginalize developing countries from the global trading system. In this context, the Asian Group saw a need to strengthen international and bilateral cooperation in human resources development, and to coordinate international policies with human resources policies at the national level, with an emphasis on local capacity building.

57. Recognizing human resources development as one of the most important factors of export enhancement and economic development, the representative of Japan recalled that his country, over the years, had been assisting developing countries in trade-related areas. Japan appreciated UNCTAD's efforts to contribute to human resources development by utilizing advanced technologies, and encouraged UNCTAD to continue to coordinate such efforts with other international organizations. He endorsed the objective of strengthening the local training capacity of developing countries and regarded the training of trainers and cooperation among training institutions as a vital component of the organization's approach to human resources development.

58. Describing human resources development as a strategic factor of competitiveness in international trade, the representative of Bangladesh stressed the need of developing countries to strengthen their human capacities in order to implement appropriate trade policies in a context of structural transformation. There was a risk, however, of developing training programmes that did not adequately meet the changing conditions, in particular because of their lack of practicality. The success of training programmes was closely linked to the priority given to them in the framework of national policies. It was important to adopt a regional and cooperative approach to human resources development, and he was in favour of any international assistance in this respect. Bangladesh, for its part, had been pursuing a multisectoral training policy. Linkages would be established between industries, the private sector and NGOs.

59. In the expectation that UNCTAD would continue to make a substantial contribution to human resources development in developing countries, he recommended that: (i) priority be given to training capacities at the national level; (ii) human resources development policy be coordinated with the overall national development strategy; (iii) an assessment of the impact of human resources development be built into programmes; (iv) all necessary international cooperation be extended to countries in need of training programmes; (v) studies on manpower export be conducted by UNCTAD; and (vi) the special problems faced by the least developed countries in the area of human resources be given a differential treatment.

60. The representative of Nepal, associating himself with the statement by the spokesman for the Asian Group, recalled the particular problems faced by the least developed, landlocked and island developing countries in several trade-related areas, such as that of the high costs of transit trade, and said that this group of countries would welcome specific initiatives that might address the issue of human resources development as a factor of trade-related progress.

61. The representative of the United States of America stated that the primary responsibility for human resources development lay with national authorities and he encouraged developing countries to pursue efforts to

enhance their human resources in order to take advantage of the changing international trade environment. At the same time, the donor community must continue to support these efforts in order to meet the need for a cadre of "trade-trained" people. For its part, the United States Government had already contributed to strengthening trade expertise in developing countries through such programmes as the Entrepreneurs International Program and the Special American Business Internship Training Program. He noted that there was a degree of consistency between UNCTAD's trade-related training activities and United States activities in the field of trade-related human resources development. To achieve cost-effectiveness through the networking approach, efficient use should be made of existing human resources development institutions and facilities in view of the high cost of establishing new training centres in the beneficiary countries. Moreover, standard systems of information collection would make possible effective dissemination of data.

62. The representative of India drew attention to the implications of the world's increasing interdependence for the degree of participation of most developing countries in world trade. He stressed the importance of human capital formation for these countries and questioned the success of past international support to national capacity building in developing countries. The Cartagena commitment encouraged cooperation between business communities and scientific institutions in developed and developing countries, and he urged UNCTAD to take action to enhance, through such cooperation, the productivity and efficiency of human capital in developing countries. He also suggested that research and training institutions in developing countries be established or encouraged with a view to facilitating joint education programmes and exchanges of information for the benefit of these countries.

63. The representative of the Islamic Republic of Iran said that, since people were the ultimate beneficiaries of development, the promotion of training enabled societies to achieve democratization and better coordination among the economic sectors. Within the framework of technological changes and structural reforms, a coordinated approach that combined theoretical and practical knowledge was necessary. In this coordination of institutions, expanded information centres and trade databases played a vital role. While modern training methods were likely to enhance efficiency and competitiveness in the international economy, their development might be hindered by shortages of finance and absorption difficulties. He therefore recommended a survey of the causes of failure in adopting modern training techniques in developing countries. In his view, chronic issue of "brain drain" was one of the most regrettable consequences of such failure. He encouraged UNCTAD to conduct a survey on the possible forms of partnership in which the global community could cooperate in the above endeavours.

64. The representative of China noted a growing awareness of the urgency of human resources development in trade and related areas. The shortage of professional skills was one of the main obstacles to trade development in China in the present context of its outward orientation. His country was therefore interested in benefiting from UNCTAD's cooperation in different trade-related training activities such as TRAINMAR and TRAINFORTRADE. He also urged UNCTAD to maintain close cooperation with other organizations such as UNDP, GATT and ITC with a view to making the most effective use of the limited resources available to developing countries for such assistance. Finally, he recommended that human resources development programmes be enhanced in terms

of scope and depth, that they consider the particular issues of the least-developed countries, and that the areas of finance, technology and personnel training be given attention.

65. The representative of Ethiopia endorsed the views of previous speakers regarding the importance of trade-related human resources development, and specifically stressed the necessity of adopting initiatives in favour of women, who were essential actors in the development process. She then outlined the main measures taken by her Government over the last two years to create an environment favourable to human resources development and economic progress.

66. The representative of Poland said that developing countries and countries in transition were now not able to take full advantage of the trading opportunities that were emerging as a result of technological development or to make use of important linkages between trade, technology, investment and services. He stressed thee importance of appropriate trade policies and investment in human capital and management skills as the most important conditions for the realization of competitive advantages of developing countries. As well as international efforts in this respect, developing countries should adopt improved policies to make them fully responsive to the needs of their people. He acknowledged the value of the technical cooperation activities in trade-related training that had benefited Poland over the years - such as those provided by GATT, ITC, UNIDO, the World Bank and IMF - in the form of courses, skill and management programmes and fellowship programmes. The development of information networks, library facilities, and trade databases in developing countries was essential to the creation of a mass of informed opinion on trade activities. Poland was also participating actively in the work of international organizations in assisting the developing countries to devise schemes for upgrading technological skills and managerial capabilities, and in helping them to acquire the knowledge essential to the promotion of trade and business.

Action by the Board

67. The action taken by the Board on agenda item 2 is reported in part I above.

Chapter II

TRADE POLICIES, STRUCTURAL ADJUSTMENT AND ECONOMIC REFORM: TRADE POLICY REFORMS IN DEVELOPING COUNTRIES AND THE INTERNATIONAL SUPPORT REQUIRED

(Agenda item 3)

68. For its consideration of this item, the Board had before it the following document:

"Trade policies, structural adjustment and economic reform: trade policy reforms in developing countries and the international support required" (TD/B/39(2)/3).

Consideration in Sessional Committee I

69. The Chairman, opening the meeting, recalled that the eighth session of the Conference had called upon the developing countries to continue the trade policy reforms and structural adjustment that they had undertaken, in particular to progressively reduce their import barriers consistent with their trade, financial and development needs. The Conference had agreed that such efforts should be supported by the international community through adequate improved market access and increased flows of financial resources.

70. Sessional Committee I had been entrusted, under agenda item 3, with the task of discussing salient aspects of the reform processes, as well as the different ways in which the international community could effectively support those reforms. The Committee should pay particular attention to the improvement of market access, the promotion of a competitive climate, facilitating the transfer of technology, the promotion of foreign direct investment and technical cooperation. In order to assist the Committee in its deliberations, it had been agreed to convene high-level officials and experts to participate in informal discussions on those topics on 16 and 17 March 1993.

71. Referring to agenda item 4, he recalled that, at UNCTAD VIII, the Conference had requested the Board to analyse and assess the results of the Uruguay Round, particularly in areas of interest or concern to the developing countries, and the impact of those results on the international trading system. Although the Uruguay Round was still continuing, it was appropriate on the present occasion to recall that the Conference had agreed a year ago that the international trading system should be strengthened through an early, balanced, comprehensive and successful outcome of the multilateral trade negotiations. He therefore emphasized the importance of the discussions to be held in the Committee on developments and issues in the Uruguay Round.

72. He hoped that the discussions in the Committee on both agenda items would lead to a constructive outcome.

73. The Director of the International Trade Division, introducing the agenda item, stated that the present session was taking place at an opportune time for considering the trade policy reforms in developing countries and the international support required for the successful completion of such reforms.

An increasing number of developing countries had embarked upon far-reaching economic reforms and trade policy reforms had usually been important components of those broader efforts. The trade policy changes had been increasingly directed towards liberalization. The reforms were, inter alia, expected to help developing countries to reap the benefits of dynamic comparative advantage through diversification and sustained expansion of exports, particularly of manufactured products. While some progress had been made, many of the reforms had yet to achieve their objectives. A few developing countries, mainly the more advanced developing economies, had managed to increase their exports and investments significantly on a sustained basis. In this, besides their own domestic policies, external support played an important role. Hence, increasing the number of successful reforms could be one of the main objectives for the international community in expanding external support for such efforts. The secretariat report before the Committee (TD/B/39(2)/3) reviewed the trade policy reforms of selected developing countries and identified the required external support, focusing on trade expansion and gains from trade-related policy issues. He stressed that there was no standard or blueprint trade policy approach applicable to all developing countries. Hence, international support should allow for policy pluralism and flexible approaches towards trade policy reforms, thus enabling policies to be framed that were not only market friendly but also development sensitive.

74. He added that one of the most important aspects of trade reform was the simultaneity of the efforts of many developing countries. The international trade system as a whole would then have to respond to this in a systemic sense. Firstly, clear and effective multilateral rules and disciplines were vital for achieving security of market access for developing countries and other weaker trading partners. In that respect, the successful conclusion of the Uruguay Round was of paramount importance. Secondly, regional and subregional trading arrangements often provided a more detailed legal structure for trade and economic relations among countries than those existing at the multilateral level to prevent trade disputes or resolve them effectively. Bridging the gap between multilateral and regional trade rules and disciplines would seem to be an important objective that should be pursued in the international trading system and would require extensive consensus-building. Thirdly, experience of multilateral and some regional approaches to certain potential trade conflicts showed that, as a rule, the existence of clearer, and more detailed and extensive rules and procedures was likely to prevent or, at least, mitigate trade disputes. Finally, in part III of the Cartagena Commitment, paragraph 52, it had been stressed that "particular attention should be paid to bringing fresh thinking to bear on long-standing problems, and to the identification and treatment of key emerging issues of trade and development, including an early warning perspective, in a rapidly changing world". This remained one of the most challenging decisions taken at UNCTAD VIII.

75. In that context, the proposal concerning the setting up of an ad hoc intergovernmental working group to develop early-warning perspectives and other appropriate proposals to mitigate trade conflicts should be considered as an initiative that was strictly within UNCTAD's functions and mandate, and as a potential contribution by UNCTAD to the international consensus-building exercise. That exercise, in UNCTAD's view, would enable the problems directly linked to security of market access for developing countries to be looked at

in a non-negotiating context, and certainly not in a GATT legal context, but in a broader sense, as many potential sources of trade conflicts were situated outside the purview of GATT, for example, divergencies in macroeconomic policies, divergencies in consumption styles, technological competition, etc. Such an initiative could be an important confidence-building measure that would encourage the policy makers of the developing countries to undertake further reform.

76. Pointing out that current economic reforms in developing countries as well as countries in transition had very important competition-related implications at both the domestic and international levels, he said that the creation and maintenance of competitive market structures were crucial for the success of trade policy reforms in developing countries. To prepare the ground for further progress in that area, the Trade and Development Board might wish to hold, through the Intergovernmental Group of Experts on Restrictive Business Practices, exploratory discussions on the appropriateness of, and modalities for, progressively strengthening multilateral cooperation to promote competition in domestic and international markets, using, inter alia, the consultation machinery provided by the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices.

77. He added that there was a bi-directional relationship between successful trade reform and technology capacity-building in developing countries. New financing mechanisms for technology transfer might be one element in achieving that end. For example, the secretariat proposal for the exploration of market-based price incentives that supported the purchase of crucial technologies by developing countries deserved serious consideration. A relatively new phenomenon, "strategic alliances", also deserved careful scrutiny. Collectively, strategic alliances were rapidly becoming a potent force in the world economy. While there was little doubt that these associations would lead to the generation of new technologies, it was far less clear whether the technologies would become generally available or would remain closely guarded inside individual consortia.

78. He further indicated that foreign direct investment (FDI) would constitute an important form of international support for assuring the success of economic reforms in developing countries and increasing their international competitiveness. Despite the increasingly liberal attitudes of many developing countries towards FDI, actual FDI flows remained rather conservative. Specific policy initiatives were required at multilateral and bilateral levels to improve mutual understanding and promote an exchange of views on the appreciation of changes in investment climates and policies and actual investors' needs. There was still substantial scope in several developing countries for improving investment conditions and for strengthening the domestic enterprise sector to make it a suitable partner for cooperation with foreign investors. Multilateral consultations between investment promotion and financing institutions of FDI host and home countries could further help to create the essential economic and policy conditions for increasing the attractiveness of developing countries as a location for FDI.

79. Last, but not least, he emphasized that technical cooperation could be an important means of external support. It had been agreed at UNCTAD VIII that the UNCTAD secretariat should reinforce its technical cooperation activities

in the area of trade with the objective of strengthening national capacities for trade and development and enhancing the participation of developing countries in the international trading system. Such activities should encompass trade policy reforms.

80. The spokesman for the Asian Group (India) said that it was very timely for the Board to be discussing the subject of trade policies, structural adjustment and economic reforms in the developing countries and the international support required. He recalled that a large number of developing countries had embarked on wide-ranging economic reforms in an effort to accelerate development and improve the living conditions of their people. Such economic reforms were being undertaken at great cost and sacrifice. The reforms covered almost all sectors of the economy. A large amount of labour had been dislocated and at least temporarily rendered unemployed. Governments were struggling to see that negative effects of the reforms were mitigated but their efforts could only be in consonance with the resources and technical expertise available.

81. He noted that the liberalization process had been launched at a time when the international situation was unfavourable. The world economy was suffering from an acute recession, which had adversely affected the demand for exports from the developing countries. Twenty of the 24 industrial countries were now more protectionist than they had been 10 years ago. Almost 28 per cent of all OECD imports from developing countries were affected by non-tariff barriers. The debt burden for the developing countries had been exacerbated, primarily because of falling prices for their exports. The developing countries had effectively paid an average real interest rate of 17 per cent during the 1980s compared with 4 per cent by the industrial nations. The level of official development assistance amounted to only 0.35 per cent of the combined GNP of the OECD countries as compared with the international target of 0.7 per cent. Some of the richer nations contributed a much smaller proportion of their GNP than the less wealthy countries. Moreover, net world bank transfers to the developing countries in 1991 had been negative to the extent of US$ 500 million. According to the World Bank, trade restrictions had reduced developing countries' GNP by 3 per cent - an annual loss of US$ 75 billion. For textiles and clothing alone, the phasing out of the Multifibre Arrangement could increase the exports of developing countries by about US$ 24 billion a year.

82. The developing countries, particularly the least developed among them, required wide-ranging support for their structural adjustment and economic reforms to succeed. Such support encompassed improved market access, the introduction of schemes for lightening their debt burden, an increase in official development assistance, freer transfer of technology on concessional terms and technical cooperation in some vital areas of frontier technology.

83. Referring to paragraph 127 of the Cartagena Commitment, he said that the developed countries had undertaken to improve market access for developing country exports by appropriate structural adjustment in their countries. Paragraph 128 stated that the efforts of developing countries directed towards trade policy reforms and structural adjustment "should be supported by the international community through adequate improvement in market access and increased flows of financial resources". Apart from the political will required of Governments to give effect to these commitments, the setting up of

strong transparency mechanisms would help to educate the public about the cost and benefits of protectionism and thus to arrive at decisions based on better knowledge. Transparency mechanisms would help Governments to overcome vested interests and deal with special groups seeking greater protection for the products of interest to them.

84. In addition to freer access, attention should also be focused on the trade-distorting effects of subsidies and the misuse of anti-dumping measures which led to harassment of developing country exporters. The world was paying increased attention to the issue of environment, but that issue by itself should not be allowed to thwart or hinder the exports of developing countries on the grounds that the exports did not meet environmental standards, or had been manufactured by processes that did not conform to environmental standards, or again that the countries where they originated were not giving due importance to environmental considerations. Similarly, the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices needed to be strengthened.

85. The generalized system of preferences had made a positive contribution to enhancing the participation of developing countries in international trade. In accordance with paragraphs 134 and 135 of the Cartagena Commitment, however, work needed to be done to strengthen and improve the operation of the system.

86. He added that, as global interdependence increased, a large number of issues would arise in the realm of trade and development which required the consensus and agreement of the international community. Such issues needed to be identified well in advance, analytical work done and negotiations launched to reach a consensus. As suggested in document TD/B/39(2)/3, paragraph 90, it might be useful if an ad hoc intergovernmental working group were set up to develop early-warning perspectives and other appropriate proposals to enhance economic security.

87. In global trading, technology had played an important role but was likely to become even more important in the future. There were reports that, because of technology, the comparative advantage enjoyed by developing countries in certain traditional areas was being eroded. Developing countries would therefore have to acquire critical technologies in their areas of interest if they were to compete effectively. However, in acquiring such technologies, there was sometimes a resource constraint or the level of sophistication in the host country was such that absorption capacity was limited. While technical cooperation to enhance absorption capacities would be welcome, ways of facilitating the transfer of technology through home country policies should also be explored. In that context, the employment of market-based price incentives aimed at promoting the transfer of specific critical technologies to developing countries should be considered. This could be done by UNCTAD, first by investigating at the theoretical level and then by reviewing the practical aspects of implementation. This would conduce to increased integration of the developing countries into the international trading system and would satisfy the needs expressed in paragraph 130 of the Cartagena Commitment. The developing countries could also benefit from UNCTAD's work in relation to the more efficient acquisition of technology and indigenization and development of an international framework for cooperation in the promotion of technology transfer and technology capacity-building.

88. One of the objectives of economic structural reforms and liberalization was to attract foreign direct investment. While the developing countries were trying to create an environment that would be conducive to such investment, home countries could help by the provision of logistical and information services, support for the identification of investment projects and matching partners, funding of missions, project preparation and the provision of start-up support.

89. As regards technical cooperation, UNCTAD could strengthen its role in accordance with paragraph 163 of the Cartagena Commitment. Technical cooperation would be welcome, particularly in the spheres of trade and sustainable development, the building up of human resources and the GSP. Technical assistance should be demand related.

90. In conclusion, he stressed the need expressed in the Cartagena Commitment to follow up the ideas with vigour and purpose, and urged the international community to support structural adjustment and economic reforms in developing countries, thereby making for better growth and development in the world at large, improving living standards in all countries and helping to overcome poverty and suffering.

91. The representative of Egypt said that the secretariat document was valuable and balanced. It had grasped the real reasons why the reforms carried out so far by developing countries had had little impact as regards the objective of expanding their exports and achieving a higher standard of living for their people. One reason had been the adverse external environment accompanied by a severe recession for most of the 1980s, which had continued well into the 1990s, together with the heavy debt burden on the economies of developing countries. The other was the lack of adequate external support and the increased tendency for the developed countries to adopt protectionist measures.

92. In spite of the disparity among developing countries, it was generally agreed that the liberalization policies in the majority of those countries had been marked by a rapid elimination of quantitative restrictions, a clear plan for subsequent reductions in tariffs to low and uniform levels and increased bindings of their tariff schedules in GATT. Developing countries were expecting to reap the benefits of their strenuous efforts. To that end a number of measures ought to be taken at the international level as well.

93. Referring to an IMF survey on international trade policy, issued in 1992, he noted that it had indicated little, if any, decline in the overall level of trade protection in industrial countries, which increasingly resorted to non-tariff measures such as voluntary export restraints (VERs) and orderly marketing arrangements (OMAs) falling outside the GATT framework as well as to "unfair" trade practices such as anti-dumping and countervailing actions. It was unfortunate that, contrary to the expectation that the Uruguay Round would reduce trade barriers and bring more transparency to them, developing countries were faced before its conclusion with additional barriers to trade, with whose techniques and application they could hardly keep pace.

94. His country had taken major steps in its trading liberalization as part of its integrated package of macroeconomic and structural adjustments. The objective of the trade policy reform was to achieve an open market-oriented

economy through adoption of a phased programme for the elimination of non-tariff barriers and reduction of tariff dispersion. Imports were mainly controlled by tariffs except for a limited number of goods which would, however, be removed in the near future. On the export side, restrictions had been virtually eliminated. Furthermore, steps had been taken to ensure fair competition between private and public sectors in that respect.

95. He pointed out that new problems had emerged which related to the increased integration of the world economy through the globalization of investment and production. Today, the new basis for nations to maintain a competitive edge in the world market no longer lay in traditional factors of production but rather in "innovation" policies. Comparative advantage was no longer necessarily based on relative factor endowments, as explained in the traditional theories on trade, but was rather "created" and was dominated by intra-industry trade.

96. He expressed concern at the growing use of trade policies to pursue non-trade objectives in areas such as the environment. What certainly mattered most to developing countries was the impact of environmental adjustment on their development and growth. UNCTAD could play a prominent role in helping to design policies and negotiate multilateral agreements within which environmental problems could be handled and a clear demarcation line drawn between legitimate environmental objectives and unilateral protective measures and motives. This should be one of the main issues to be dealt with in the Working Group on Expanding Trading Opportunities for Developing Countries.

97. The idea of setting up an ad hoc intergovernmental working group to develop early-warning perspectives to mitigate trade conflicts was worthy of serious consideration. An early-warning mechanism should serve as a forum for exchanging views in an open and transparent manner on the new issues for a new round in GATT. A mechanism to reduce trade conflicts and avert tensions in the multilateral trading system would increase confidence, particularly of developing countries, in trade and thus in their reforms and adjustment.

98. He emphasized that, for the reforms to be more effective, developing countries needed international support, including more transparency in developed countries, and enhanced market access, more resources and the sharing of new technologies, with a view to enabling them to discharge their responsibilities as integrated players in the world economy and helping to build the new spirit of partnership for a better world, as called for at UNCTAD VIII.

99. The spokesman for the Nordic countries (Sweden) welcomed the significant structural adjustments and economic reforms that were taking place in large parts of the developing world and in the countries undergoing the process of transition to a market economy. The Nordic countries had a long-standing tradition of support for free and stable trading conditions and fully recognized the importance of improved market access for developing countries as one of the best measures of external support for their reform and development efforts. In view of the increasing differences between developing countries, the Nordic countries also recognized the need for special and direct development assistance to the poorest of them. They therefore granted very considerable support to economic and social development with the ultimate

aim of enabling the recipients to go it alone. Such external support was of particular importance to the least developed countries, i.e. in the form of technical assistance for product development, marketing, etc. These countries were consequently receiving special treatment in a number of ways, inter alia, through the already very liberal GSP schemes applied by the Nordic countries. The latter also endeavoured to encourage all countries to increase their openness to goods and services from the developing countries and the countries in transition. In that respect, he reiterated the Nordic countries' commitment to a speedy conclusion of the Uruguay Round to give a much needed boost to the world economy, including the export opportunities of developing countries.

100. Referring to document TD/B/39(2)/3, he noted that it unfortunately recalled some of the pre-Cartagena spirit in that many of the suggestions seemed to be indicative of a climate of claim by one category of countries towards another. That approach belonged to the past. He did not dispute the idea that ran through the report that economic reforms involved considerable sacrifices by the developing countries undertaking them. Indeed, the Nordic countries had been among those that had insisted most strongly on appropriate measures to provide safety-nets for the most vulnerable groups; they were of the view that external support of different kinds was often necessary to ensure successful reforms, and that the industrialized countries, too, should undertake necessary adjustment. It had to be clearly realized, however, that the main responsibility for the reform process lay with the reforming countries themselves, which would then reap the ultimate benefits. There were, in fact, examples of an increasing number of developing countries that had been successful in their reform efforts. The report might nevertheless have gone a little too far in ascribing the responsibility for alleviating hardships experienced as a result of the reform process to the industrialized countries. He pointed out that the lack of results might be due as much as to internal factors or the low level of world economic activity as to insufficient external support. Reforms and good governance based on a fair and stable legal system would stimulate national investment and the repatriation of flight capital. Reforms were also of fundamental importance for the mutual confidence and interest that were a precondition for attracting foreign direct investment and the ensuing transfer of technology.

101. He added that the document did not in all instances reflect that the new architecture of UNCTAD as envisaged at Cartagena had been designed to accommodate the issues of growing importance and weight and that the corresponding tasks had already been apportioned among the various bodies of the Conference.

102. Commenting on a few points of special interest, he noted, first of all, that the environmental issue was rightly considered as one to be borne in mind in all issues dealt with in UNCTAD. The interrelationship between environment and trade was of great economic importance and at the same time very complex. It should therefore be the subject of an exchange of views and analysis in a non-contractual atmosphere in order to build up a bank of knowledge. Further conceptual work also needed to be done, for which UNCTAD seemed to be well suited. The Nordic countries therefore welcomed the fact that the topic had been assigned an agenda item of its own at the next session of the Board.

103. Secondly, the Nordic countries considered it was appropriate to carry on the discussion within UNCTAD on the subject of trade and competition, as suggested in the report. A number of very interesting issues had been raised in the report in that connection, and could be put before the Intergovernmental Group of Experts on Restrictive Business Practices for consideration.

104. Thirdly, the report raised some very interesting points in relation to the transfer of technology, as, for example, the question of market-based price mechanisms as a means of assisting technology transfer to developing countries, and the case of the least developed countries. He hoped that some light could be shed on those issues when the Ad Hoc Working Group on the Interrelationship between Investment and Technology Transfer carried out its work programme.

105. Finally, the Nordic countries had taken note of the suggestion to set up an early-warning mechanism, but did not feel that it was warranted to establish yet another working group for the purpose. The Board itself and its subsidiary bodies already constituted such a mechanism, and GATT, too, was active in that sense.

106. The representative of Japan stated that, although many developing countries had made good progress in reforming their economies and had made significant efforts to undertake trade reform, and their bilateral and multilateral development partners for their part had actively supported those efforts, it was, nevertheless, too soon to become complacent. The message contained in paragraph 128 of the Cartagena Commitment was still valid. Developing countries should implement appropriate trade policies to the best of their ability and those policies should be supported by the international community.

107. The report by the UNCTAD secretariat could have been more comprehensive and even more useful if it had identified policy issues relating to trade reforms in developing countries and suggested policy options to enhance export supply capabilities and export competitiveness in those countries. The most decisive determinants of a country's economic performance were its own policies. External support could only supplement their efforts. While no standard or blueprint trade policy approach was applicable to all developing countries, the experience of one country could be useful to others.

108. Commenting on the proposal to set up an ad hoc intergovernmental working group to develop early-warning systems to mitigate trade conflicts, he asserted that it was rather too soon to consider setting up such a body and that, given the limited resources available, considerable doubt existed as to the feasibility of establishing yet another subsidiary body of the Board. At the present time, it was of primary importance to ensure the successful implementation of the work programmes of the existing subsidiary bodies. The wealth of information accruing from the work of those bodies and the Board would be of great assistance in further exploring the issues in question and in determining the desirability of setting up an intergovernmental body.

109. The representative of Bangladesh stated that the far-reaching trade policy and other economic reforms undertaken by developing countries, including least developed countries, had involved considerable sacrifices,

particularly as many of those countries had not received sufficient external support through finance, better commodity prices and improved market access. The slow-down in the world economy, declining commodity prices, protectionist measures in developing countries, debt burdens and net negative financial flows had all contributed to a deterioration in the import capacity of developing countries. Trade liberalization had not stimulated exports sufficiently, and imports had grown much faster than exports. The least developed countries had received very little direct foreign investment and technology transfer. A multilateral dialogue on economic reforms in developing countries and support measures was therefore necessary. The exchanges of views in UNCTAD on the experiences of different countries had become a central theme of Working Groups and Committees. But it was necessary to go beyond such activities to implement measures to encourage investment in developing countries, particularly the least developed among them.

110. A new problem was posed by trade-related environmental measures. International consensus-building was needed on environmental measures, taking into account the resource constraints of developing countries.

111. He concluded by stating that the least developed countries considered that their concerns had not been properly reflected in the Draft Final Act of the Uruguay Round, and suggested that the Board might send a signal to the GATT Contracting Parties to take on board the concerns of LDCs.

112. The representative of Austria said that liberal trade policies were a critical component of the economic reform process undertaken in a great number of developing countries. She highlighted the crucial importance of consistent national implementation policies for the success or failure of such reforms. Recognizing the importance of external conditions for that process, she emphasized the need to conclude the Uruguay Round and improve access by developing countries to industrialized countries' markets. She added that industrial countries were aware that the impact of their trade policies on developing countries would increase as the economies of the latter became more open. She welcomed as a positive development the steps taken by developing countries to move towards regional integration.

113. Referring to document TD/B/39(2)/3, she regretted that chapter I, which should have served as a basis for the proposals for external support, had not been sufficiently developed. In her delegation's opinion, more attention should have been given to the objectives of trade policy reforms and the working of the reforms.

114. She considered that, to define the requirements for external support, specific country experiences had to be analysed in order to examine the role of national policies and the extent to which external support was a decisive factor in the success or failure of trade policy reforms. She therefore hoped that the respective roles of consistent national policies and external support would be further analysed.

115. Lastly, she said that the Austrian delegation's assessment of the results of liberal trade reforms in developing countries was more positive than that of the secretariat document, and concluded that there was substantial evidence of a positive relation between openness and growth.

116. The representative of Brazil emphasized that developing countries engaged in reforms as a result of a general perception of the need to change models of development. In most developing countries the reforms were linked to the diagnosis that the previous development path was exhausted. Consequently the reforms were not isolated measures, and were designed to redefine such fundamental issues as the role of the State and the forms of financing development, including the degree to which the economic system should be open to international investment.

117. Unfortunately, the reforms were conducted in a context of economic weakness and instability, so that in many cases the measures were taken in emergency situations without an adequate evaluation of their appropriate form, timing and depth. In other cases, they were taken under pressure exerted by international financial institutions without regard to the national specificities of the economies concerned. If reforms were to constitute a step in the process of changing the development model, they should necessarily take into consideration the specific economic situation of each country. For example, in the case of Brazil, the import substitution model had generated a complex and diversified industrial base that was able to maintain growth as well as a reasonable degree of technological updating. However, that model was in crisis due to the increasing interdependence of productive structures worldwide and the importance of technological inputs, both factors that had increased the costs of the model. The issues of selectivity and timing of trade policy reforms were also very important, as well as the persistent problem of financing the reform process. In that respect, the constraint on external resources continued to be a major obstacle to the attainment of macroeconomic stabilization.

118. The fact that success in export expansion had not been the general rule was clearly a threat to the long-term viability of the reform effort. In that connection, trade policy reforms should not be conceived as a mere liberalization of imports, but as part of an effort to change the model of development into a new model that was more closely integrated into the world economy. It was widely recognized that the asymmetry between the developing countries' trade openness and mounting protectionism in developed countries was the single most important obstacle to the success of economic reforms in developing countries.

119. The viability of the simultaneous efforts made by so many developing countries to integrate their productive structures into the international market was another important problem. The sustainability of outward-looking development strategies based on reliance on existing comparative advantages was far from being guaranteed, especially if that meant reliance on export specialization in the primary sector. In some cases, those strategies had been the result of direct advice from multilateral financing institutions.

120. He concluded by welcoming the increased focus on the social effects of adjustment programmes, especially with regard to the problem of poverty and vulnerable groups, and expressed the hope that governments and multilateral institutions, including financial institutions, would be able to incorporate the social dimension as a central and important feature of development strategies.

121. The representative of Nigeria noted that the present session of the Board was taking place one year after UNCTAD VIII when new mechanisms and working methods for UNCTAD had been created. However, there now seemed to be a widening gap between pronouncements and practices, with the result that the realization of development was by no means at hand.

122. He stressed that development depended largely on the willingness of the Western countries not only to share their technology, but also to consider the developing countries as partners in a common future. Despite considerable progress in the developing countries, the gap between the North and the South was widening. The problem of debt overhang in developing countries, particularly in the sub-Saharan countries, was defying solution.

123. Many developing countries had substantially liberalized their trade regimes, but there had been no significant improvements in market access conditions for their export products. A number of countries, especially in Africa, had adopted structural adjustment programmes (SAPs) but their problems were still far from being alleviated, largely because of the escalation of trading blocs with their enormous impact on the global trading system. Nigeria therefore attached great importance to the success of the Uruguay Round.

124. Nigeria had adopted a number of measures under the SAP in 1986 to revive its economy and put it back on the right path for sustained growth, but the overall impact on the economy had been mixed. The measures taken had fostered efficiency and better resource allocation, but capacity utilization in branches with low domestic demand and heavy import dependency had declined.

125. The programme had also had remarkably negative effects on the people in general. Prices of goods and services had increased as a result of the higher cost of foreign exchange. The depreciation of the local currency had had serious consequences for the cost of procuring capital and consumer goods that were unobtainable locally. Moreover the negative consequences of the SAP had also led to serious political and social riots.

126. Nigeria's experience with the SAP had also showed that although the rural areas had benefited from the improved prices for agricultural commodities such benefits had been short lived. The expected inflow of foreign direct investments had failed to materialize. Instead, Nigeria had experienced a reverse transfer of resources. Moreover, sufficient external support had not been received from donor countries, the IMF or the World Bank.

127. He stressed that the need for urgent international support to supplement Nigeria's own economic reform efforts could not be over-emphasized. Official development finance and debt relief programmes were necessary. Nigeria would welcome coordinated policies ensuring market access for its products and preventing protectionism from interrupting exports and placing the economic reforms already under way at risk.

128. The representative of the Commission, speaking on behalf of the European Community and its member States, referred to the link underlined in paragraph 50 of the secretariat report (TD/B/39(2)/3) between the economic reforms undertaken by many developing countries and the requirements of

external support for these reforms. The secretariat had made important suggestions in that regard but, in failing to establish that link, the external measures proposed were lacking in specifics.

129. This was valid in particular with regard to the proposals for expansion of market access. While recognizing that "tariffs imposed by developed countries have somewhat diminished in importance", the report had nevertheless embarked on a general discussion of the problems posed by tariffs for developing countries as a whole. The generalized system of preferences (GSP) was of course an instrument which could contribute to solving such problems, and, as the secretariat noted, developing countries had in fact drawn considerable advantage from the system. GSP benefits could not, however, be reserved only for those developing countries that had introduced trade policy reforms, for that would go against the principle of non-discrimination which formed the basis of the multilateral trade system and whose importance had been restated in paragraph 126 of the Cartagena Commitment. Observance of that principle, which was predictable, was the only way to provide developing countries with the needed security of market access.

130. By way of improving the security of market access, the secretariat had proposed the establishment of an ad hoc intergovernmental working group with the task of devising ways to prevent trade conflicts. The Community was in favour of preventing trade conflicts but had serious reservations about the viability of such a working group in UNCTAD. By virtue of its universality, UNCTAD was not the proper forum to settle disputes arising from the interpretation of legal obligations between the parties to a regional trade agreement. The same could be said about conflicts in the GATT concerning divergences regarding the provisions of the General Agreement. The avoidance of such conflicts lay in improving the rules and disciplines, including dispute settlement procedures, and the rapid conclusion of the Uruguay Round would make an important contribution in that respect. In any case, there was no need to duplicate the functions of the Trade Policy Review Mechanism in GATT, which was also entrusted with the task of preventing trade conflicts.

131. With regard to competition policy, UNCTAD's efforts would be better deployed within the Intergovernmental Group of Experts on Restrictive Business Practices, which had wide experience in that field. Ideas regarding the establishment of multilaterally agreed norms on the matter were still premature. Nor was it appropriate to exaggerate the potential adverse effects of export cartels on developing countries. The issue of international competition was no doubt of legitimate concern to developing countries with open economies. The adoption of national legislation for the control of restrictive business practices was therefore a matter of priority. The Community appreciated the efforts of the IGE on RBPs as well as the technical assistance activities of the secretariat in advancing towards that goal.

132. Another issue raised in the secretariat report was that of technological cooperation. The introduction of structural adjustment programmes and trade policy reforms might well improve such cooperation. This was difficult, however, if the recipient country had not attained a certain technological maturity. Developing countries could achieve such maturity in two ways: one, through the creation of technological data banks easily accessible to different industries and, two, by encouraging foreign investments and importation of technology. Neither aspect was dealt with in the secretariat

report, which instead focused exclusively on the question of how external efforts in matters of transfer of technology and of foreign investment could contribute to the success of trade policy reforms in developing countries.

133. In some of them, deficiencies in physical infrastructure or human resources made it difficult for Governments to rely on their own efforts. The secretariat report had therefore rightly pointed out the danger that certain countries, particularly the least developed countries, could find themselves marginalized with respect to technology and foreign investment. In such cases trade policy reforms might be of no avail unless accompanied by specific external support measures.

134. Countries that introduced reforms in spite of difficult circumstances deserved the support of the international community to ensure success. In many cases such reforms stemmed from structural adjustment programmes negotiated with the IMF or the World Bank, and had thus benefited from important external support. That type of support, however, was short lived and its benefits might disappear if long-term support was not forthcoming. The problem therefore was to identify the longer-term international support measures which developing countries required to ensure the success of their reforms and whose cost they would be able to bear. It would consequently be preferable for the secretariat to undertake a comprehensive study on the appropriate external support measures to ensure, over the longer term, the success of trade policy reforms in the developing countries instead of the work it had proposed in its report.

135. With regard to technical cooperation, the UNCTAD secretariat, as had been agreed at Cartagena, could play a useful role in helping developing countries in the formulation of trade policies both for purposes of trade negotiations and for the implementation of policy reforms. The last two paragraphs of the secretariat report were worthy of note in that respect.

136. The representative of China noted that, in recent years, the majority of developing countries had carried out economic reforms thus generating the necessary vitality for their economic development. However, due to the interdependent nature of the world economy, the success of the reforms in those countries depended heavily on the external environment. Although developing countries had made great sacrifices in their economic reforms, they had not received sufficient attention and support from the international community and were, instead, faced with many obstacles in terms of market access, acquisition of technology and financial flows. Exports of some major products of the developing countries encountered high tariff barriers in the developed countries while different kinds of non-tariff barriers in the markets of the latter obstructed, in particular, the expansion of the trade of developing countries. The developing countries were also faced with unreasonable restrictions in the field of technology transfer. They had made great efforts to attract foreign direct investment and had improved the domestic environment for that purpose, yet the results were not satisfactory since foreign direct investment was actually decreasing. It was incumbent, therefore, on the international community and in particular the developed countries to take effective measures to improve the external environment for developing countries so as to ensure the smooth progress of their economic reforms and accelerate their economic development.

137. Giving an account of the economic and foreign trade reforms taking place in his country, he said that the reforms, which had started in 1978, had proceeded from the countryside to the cities, from the economic field to other sectors and from the revitalization of the domestic economy to the opening to the outside world, thus constituting a historic process of great significance. The 14th Congress of the CPC held the previous year had stated explicitly that the objective of the reform of the economic structure in China was to establish a socialist market economy so as to further liberalize and expand the productive forces.

138. As to the foreign trade system, it had witnessed three major reforms. The first had taken place in the period 1988-1990. Management responsibility operating under contracts had been widely introduced in all foreign trade enterprises. At the same time, the operation of foreign trade enterprises in the fields of light industries, arts and crafts and garment manufacture had been put for a trial period on a profit and loss basis. The main elements of the initial round of reform were, first, the shifting of subsidiaries and branches from control by the head offices of foreign trade corporations to local control and the practice of contracting under local supervision; second, the freezing of export subsidies by the State; third, an increase in foreign exchange retention by local governments and permission to use the retained foreign exchange to import materials or to sell these in the foreign exchange market in order to compensate for the increased cost of exports incurred through higher domestic prices; fourth, elimination of most import subsidies. Thanks to the system of decentralization and contracting, this round of reform had greatly enhanced local and enterprise initiative in the development of foreign trade. However, it had not resulted in the complete elimination of all inequitable subsidies and foreign exchange retention. That problem, together with other considerations, such as the fact that the market mechanism in China was still far from perfect, the shortage of foreign trade personnel and the excess of foreign trade companies, had given rise to a problem of discipline in the conduct of foreign trade which still awaited solution.

139. The second major reform had started on 1 January 1991. Through the adoption of measures like exchange rate adjustment, and the harmonization of foreign exchange retention, an environment of equal competition had been created. Foreign trade enterprises had embarked on the road of responsibility for their independent operation, autonomous development and self-restraint. After a year the second reform had proved to be successful, relieving the country of a heavy financial burden, bringing it increased economic benefits and promoting the healthy growth of foreign trade.

140. In 1992 another important step had been taken to bring about greater harmony between China's trade system and GATT rules. In particular, important reform measures had been taken as regards unification of trade policies, transparency, lowering of customs duties, opening up of markets and conformity with GATT rules on non-tariff measures. The adoption of provisional regulations for the management of export products, based on international trade practice, which had begun to be implemented on 1 January 1993, was another major move by China to deepen the reform of the foreign trade regime by bringing the export management system into closer conformity with international trade norms. Thus, the range of products under State management had been greatly reduced. In accordance with the regulations, 138 import

products were subject to quota licensing management by the State, which represented a reduction of 52 per cent. The operational mechanism for export products had also undergone a major reform. The former practice of operation by category had been abolished. Apart from 16 particularly important export products which were managed in a unified way by the State, the other export products were freely managed by different types of foreign trade enterprises. Greater authority in management of imports had been given to local economic and trade management departments. Much of the work of licence issuing was now being done by local economic and trade administrations and specially appointed officers. In 1992, China had also abolished import adjustment duties and, on two different occasions, had reduced import tariffs on 225 products and 3,371 products, respectively. The general level of tariffs had been adjusted downwards by 7.3 per cent. As a result of the reforms, China's economy was poised for a higher level of progress in the 1990s. In 1992 the GDP had increased by 12.8 per cent over its level in the previous year, while industrial output had risen by 20.8 per cent, agricultural output by 3.7 per cent, and a rapid expansion had taken place in foreign trade.

141. In conclusion, he said China's reform and opening up were guided by the theory of socialist construction, taking into account Chinese characteristics and conditions. His country was prepared to learn from the experience of other countries and to make efforts to construct and perfect China's socialist market economy.

142. With regard to the setting up of an ad hoc intergovernmental working group as suggested in the secretariat document, he considered that it would be a useful initiative in conformity with the spirit of the Cartagena Commitment, and therefore deserved consideration.

143. The representative of Jamaica, referring to the secretariat report, disagreed with the criticism levelled that, although it identified the problems, it did not indicate what should be done to resolve some of them. The term "developing countries" covered a wide range of countries with differing levels of economic development and different social and political systems, and experience had shown there was no standard formula for a trade policy approach applicable to all of them; it was necessary therefore to allow for flexibility.

144. It was recognized that a high price had been paid by the developing countries in undertaking economic adjustment programmes. Jamaica's recent decision to liberalize the economy had been followed by a sharp and rapid decline in the value of the Jamaican dollar and a similar sharp increase in the price of consumer goods. However, both the value of the dollar and prices had since stabilized. What the Government had done was to provide a cushion for the more vulnerable sectors of the population while attempting to negotiate with the international financial institutions with which the structural adjustment programme had been agreed upon.

145. He further pointed out that the developing countries, whether or not they had instituted reforms, had seen their share of world trade fall because their trading opportunities had been curtailed. In his opening address to the Board, the Deputy to the Secretary-General of UNCTAD had shown that developing country exporters of tropical products were unlikely to be major beneficiaries from any growth in world income resulting from the Uruguay Round, since most

of those products had low income elasticities. Furthermore, any benefits they did obtain were likely to be offset by the erosion of existing preferences that facilitated easier access to certain markets. His own country, which was a member of the African, Caribbean and Pacific (ACP) group of countries and a party to the Lomé Convention, had seen its market for bananas in the EC come under attack which was contrary to the principles of free trade advocated in the Uruguay Round.

146. However, in spite of the problems faced by Jamaica, the Government was firmly committed to the pursuit of economic reforms, including trade liberalization and structural adjustment measures, in marked contrast to the policies pursued in the 1970s and up to the mid-1980s when there had been considerable State control of the economy. Noting that the secretariat report had used Jamaica as a test case he said that the results were not conclusive. The privatization process as a whole, for example, had not moved as rapidly as had been hoped.

147. He emphasized the need for urgent and substantial international support for the economic reforms and structural adjustment programmes pursued by developing countries, including the introduction of meaningful debt relief programmes, applicable in particular to the problems of middle-income debtor countries. The critical source of external support was access to foreign markets in both the medium and the long term, and the need for trading partners to take coordinated measures to eliminate protectionism which impeded exports and placed reforms at risk. In that connection, he supported the proposal for national transparency mechanisms to educate the public regarding the overall costs and benefits of protectionism.

148. It would also be useful to set up an ad hoc intergovernmental working group in UNCTAD to develop early-warning perspectives and other appropriate proposals designed to enhance economic security. A group of that nature would be distinct from the dispute settlement function proposed in relation to the Multilateral Trade Organization (MTO) of the Uruguay Round.

149. His country had made strenuous efforts to attract foreign direct investment to boost its economy, and looked forward to the eventual transfer of technology on concessional terms. It was increasingly recognized that the ability to build an absorptive capacity for technology transfer and to adapt new technologies was perhaps the key for developing countries to become integrated into the world economy. He endorsed the suggestion in the secretariat report that the Board could mandate the secretariat to begin an investigation on a market-based price mechanism as a means of assisting technology transfer to the developing countries.

150. The representative of Romania stated that the issues of trade policy, structural adjustment and economic reform were of the utmost importance, especially for developing countries and for those in transition to a market economy, which engaged in significant processes of adjustment and reform in line with their main developmental needs and responsibilities. The secretariat report offered a useful basis for discussion in the Committee. He noted, however, that countries in transition to a market economy, which were faced with similar problems of adjustment and reform as developing countries, had not been covered in the analysis undertaken by the secretariat. That question might be taken up by the secretariat in its future work.

151. Describing the main elements of trade policy reform in Romania, he said that, after December 1989, Romania had embarked on a wide process of democratic transformation of all aspects of political, economic and social life. A specific component of the process was the radical reform of trade policy in line with the principles and mechanisms of a market economy as well as with GATT rules and disciplines. In spite of the difficulties encountered, State monopolies in foreign trade and foreign exchange had been dismantled; foreign trade central planning as well as the discretionary licensing system had been eliminated; foreign trade activities had been liberalized and privatized, and internal convertibility of the national currency had been introduced. At the same time, a new, HS-based customs tariff had been introduced, representing the main trade policy instrument in Romania.

152. The trade policy reform was designed to ensure Romania's full participation in the multilateral trading system and its beneficial integration into European economic structures. In that respect, the recently concluded association agreement with the EC and the free trade agreement with the EFTA countries would play a major role.

153. The reform called for tremendous efforts to overcome the internal and external problems mainly triggered by unbalanced and rigid economic structures inherited from the communist regime; the collapse of the former CMEA market; the significant losses suffered owing to the embargoes on Iraq and on Serbia and Montenegro; the trade barriers that still affected Romanian exports in certain countries; and sluggish economic growth in Western markets.

154. In order for the reform to achieve the expected results, enhanced support from the international community was needed in relation to the following aspects: in ensuring a marked improvement in market access; increasing financial resources (including the compensation of losses due to economic embargoes); facilitating the transfer of modern technologies, as well as direct investment; and supplementing technical assistance with a view to improving managerial skills and economic efficiency.

155. While appreciating the support extended so far, mainly by the European Community, other Western European countries, and other developed States, Romania counted on enhanced assistance from them for the success of its trade and economic reforms.

156. The representative of the Islamic Republic of Iran stated that structural adjustments had been prescribed as a unified model through privatization, free trade, reduction of the economic role of the State, consolidation and implementation of the market economy to boost efficiency and optimum allocation of resources, an increase in the competitive power of the economy and exploitation of comparative advantage to achieve economic growth and development in developing countries. These adjustments, which were often accompanied by national currency devaluations, serious elimination and reduction of subsidies, and increased debt, had not remedied the chronic, structural maladies of those economies after a lapse of nearly a decade. Rather, since the structural adjustments had been hasty and had often taken place without taking into account the different economic situations, historical backgrounds and social conditions of those countries, and since a

favourable international milieu did not exist for positive impacts to emerge, the adjustments had increasingly lowered standards of living and led to economic and political setbacks.

157. Structural adjustments in developing countries would yield practical results only when developed countries did not embark on neutralizing measures and when favourable conditions prevailed at the global level. Otherwise, national and international deterrent forces would speedily wipe out the impact of such adjustments and accentuate their negative aspects.

158. At a time when developing countries faced difficulties in finding the necessary capital, in receiving the appropriate key technologies and the know-how to boost and modernize production and in gaining access to developed countries' markets, which was a hard and costly process, trade liberalization in developing countries was creating serious setbacks for their labour-intensive and fledgling industries while their shortage of foreign currency precluded them from continuous capital investment for the purpose of expanding, diversifying and updating their exports, and for realizing their advantages. In such cases, to speak of the success of policies such as trade liberalization was unrealistic.

159. The objectives behind trade policy reforms were to enhance investment in exports and to implement export promotion policies. The two objectives were highly correlated. The developing countries had had little success in obtaining foreign direct capital in spite of the favourable conditions they had created. Active cooperation on the part of developed countries was therefore required if progress was to be achieved in that respect. The cooperation of the developed countries was also essential to facilitate the importing of key technologies and of the technical know-how necessary for the development of production and enhancement of efficiency in developing countries. The reduction of tariff and non-tariff barriers in developed countries and avoidance of such restrictions in the future would likewise play a significant role in the success of trade policy reforms and in the betterment of the partnership between developing and developed countries.

160. He added that, after three years of implementing adjustment policies, his country had attained an average GDP growth rate of about 9.4 per cent while export earnings on non-oil exports had doubled. Furthermore, the activities of the private sector had expanded. In 1992, imports of the private sector had grown by 25 per cent, while those of the public sector had grown by only 2 per cent. A social safety net was being established to protect the vulnerable sectors of the society. His country was continuing to pursue trade policy reforms through unification of the foreign exchange rate, attraction of foreign investment in free trade zones, an increase in regional cooperation, sound protection of industries and domestic production, improvement of trade policies for the elimination of administrative and executive barriers, improvement of incentive policies, and increased competitiveness.

161. The representative of the International Monetary Fund (IMF) pointed out that it was generally agreed that free and stable trading conditions, secure and broad market access and a constructive competitive environment externally and domestically combined to provide the basis for sustained growth. However, the secretariat document appeared to raise some questions, regarding the achievable degree of success and the role of policy therein, namely whether

the path to success was one that allowed economic agents to make their own decisions within a supportive policy framework, or whether policy should actively guide allocation of resources. The document concluded - as did the Trade and Development Report, 1992 - that an appropriate trade policy was based on a "skilful mix of market and State intervention" including "targeting of export subsidies, tax holidays and credits and the promotion of technological capacity building" (para. 46), along with temporary protection. That also seemed to apply to reform policies more generally.

162. Such a strategy might well have been successful in the past, but times had changed. The current degree of globalization of production, investment and, indeed, labour flows, together with the reduction in competitive margins, required a different strategy. The mistakes made in most countries that had endeavoured to "pick winners" and the unfortunate effect of attempts to emulate apparently successful leaders in that respect had led, in some sectors, to overcapacity and consequent investment losses. Even skilful picking of winners tended to give rise to a vested interest structure that would seek to maintain excessive rents and unsuccessful cases would saddle the economy with resource-absorbing activities it could ill afford.

163. The evidence presented in the secretariat report abstracted from the average of developing country experience and thus did not capture the effects of differences in individual countries' policy behaviour, in the timing of policy change or, indeed, in overall circumstances. As a result, it implied rather counterfactual consequences of reform. For example, the 14 reform countries in the sample were said, in 1985-1990, to have fallen short in export performance of the developing country average, and this, together with other statistical evidence, had let to the conclusion that reform efforts yielded, at best, a mixed picture of success, and that more time and support were needed to bring about significant improvements in production.

164. Granted that sufficient time and adequate support were essential in the process, it was possible, nevertheless, to arrive at a rather different interpretation of the success or otherwise achieved by countries in the process of reform and the factors involved therein. The examples of Chile, Mexico and Turkey testified to the success achieved through outward-oriented strategies. Policy success did not flow from the mere announcement of a reform package but from its steadfast implementation, and required both reform measures that created a positive incentive structure and macroeconomic stabilization that created an appropriate decision-making framework.

165. Obviously, depending upon starting points and previous experience, the time required to establish credibility would vary among countries and would strongly affect the expected outcomes. Over the last five years a number of member countries of the IMF had progressed sufficiently along their adjustment paths to be able to accept the obligations of article VIII, Sections 2, 3 and 4, which meant they were free of payments restrictions on current transactions (e.g., The Gambia, the Republic of Korea, Morocco, Thailand, Tunisia and Turkey). Over the same period, a number of countries had, in the context of their reform efforts, removed trade restrictions maintained under the GATT's balance-of-payments cover and revoked such cover (e.g., Argentina, Brazil, Colombia, Ghana, the Republic of Korea and Peru). Those actions had a positive impact on international financial markets specifically, and the trading and investment climate generally, by inspiring confidence that sound

economic policies would continue to be pursued, obviating recourse to restrictions on current international transactions. Careful study of the experience of successful and less successful cases - such as would be done under the work programmes of the new Standing Committees and ad hoc working groups - should help throw light on what was effective and what was not.

166. The IMF shared the view that a successful conclusion to the Uruguay Round was urgently needed to enhance and assure market access, to strengthen multilateral discipline in areas covered by the GATT, and to extend multilateral rules and disciplines to additional areas, e.g., agriculture, services, textiles and clothing, and intellectual property rights. A successful conclusion would materially contribute to the positive investment climate, which was a sine qua non for sustained growth.

167. The representative of Australia expressed support for the efforts many countries had made to integrate their economies into the global economy, despite the likelihood of continuing slow growth and the burdensome social costs of structural adjustment. Australia considered that a strong global economy was a prerequisite for successful restructuring, that it was best achieved through continuing trade liberalization and that removing or lowering trade barriers would create more growth than development assistance. It supported such a reduction in protection and a successful conclusion of the Uruguay Round. He suggested that, in consonance with UNCTAD's role, the Trade and Development Board should consider sending a clear message to the major negotiating parties in the Round to the effect that the growth and development prospects of a wide range of countries depended upon the success of their negotiations.

168. Australia had maintained the level of its development assistance and supported structural adjustment lending by the World Bank and IMF. A social safety net needed to be provided to palliate adverse effects of reform. Australia also supported the establishment by developing countries of the machinery for providing such social services, which were part of the structures of good governance, and was ready, in the light of its experience, to assist in that area.

169. The revised UNCTAD structure, including the working groups on privatization and on the interrelation between investment and technology transfer and the Standing Committee on Developing Services Sectors, provided ample opportunity for the examination of issues accompanying structural adjustment. Australia was investigating topics on which it could work with UNCTAD in the field of technical cooperation. One of UNCTAD's emerging roles was to assist developing countries to obtain access to trade policy skills. Australia supported the integrated set of responsibilities which it was believed would accrue to UNCTAD from the reforms of the United Nations system, and was ready to contribute to that process so that UNCTAD would retain its effective role within the system.

170. The representative of the Russian Federation noted that in recent years problems relating to strengthening of the multilateral trading system, liberalization of trade and economic cooperation had attracted great attention both in the United Nations system and in other international economic organizations, as well as in bilateral negotiations at the highest political level. The conclusion of the Uruguay Round should make an important

contribution to the solution of those problems by strengthening multilateral disciplines in trade and economic relations and increasing stability and predictability in market access in wider areas of economic cooperation. There was no reasonable alternative to liberalization of international trade, and Russia fully shared that concept.

171. The economic reform process, which was unprecedented in its comprehensiveness in his country, included integration of Russia into the international trading system and adoption of the existing "rules of the game" in international trade. In that context, measures were being taken to synchronize internal economic reforms with the creation of market-oriented regulatory instruments of external economic relations. In particular, as part of trade liberalization in Russia, no quantitative restrictions were applied to imports, and the customs tariff would become the main regulator of import flows. A new law on the customs tariff, which had taken into account international experiences and had undergone expertise in international economic organizations on an informal basis, was expected to be adopted soon. Meanwhile, the provisional tariff in force provided for a unified MFN rate of duty of 15 per cent applicable to a vast majority of imported goods. The preferential regime for goods originating in developing countries was fully maintained, a duty of 7.5 per cent being applied to such imports, while imports from least developed countries were duty-free.

172. Another important aspect of the reform of external economic mechanisms in Russia was the establishment of a legal framework based on international practices with the former Soviet republics. Free-trade-area agreements had recently been concluded with the majority of those countries, providing for mutual exemption of import duties. Duties on exports were also to be abolished, depending on the stabilization of the national economy.

173. Russia's more active cooperation with multilateral economic organizations and in particular with GATT was an integral part of the ongoing economic reforms. A governmental interagency commission had been set up to deal in a comprehensive manner with issues relating to future accession of Russia to GATT.

174. He emphasized that issues taken up in the secretariat document were also relevant for countries in transition to a market economy. In particular, secure market access and a stable international trading system were not only prerequisites for genuine integration into world economy, but also a means of overcoming economic crisis. In that respect, liberalization of market access for Russian goods would, according to some estimates, increase export revenues by US$ 3 billion. Such problems should be resolved among trading partners on the basis of dialogue and consensus.

175. He regretted that economic crisis in Russia had negatively influenced its foreign trade, including with developing countries. However, even in the present circumstances Russia was striving to maintain traditional relations with developing countries, in particular by retaining trade preferences in full. For its part, Russia hoped that developing countries would demonstrate understanding and patience, as revitalization of the Russian economy would eventually lead to the intensification of trade and economic relations with these countries.

176. He supported the proposal to establish an early-warning mechanism for the prevention of trade conflicts. However, such a mechanism should not duplicate the existing instruments for dispute settlement, in particular in GATT, but serve as a long-term forecast. In view of the importance of an early-warning mechanism, possibilities of using resources from UNCTAD's existing regular budget for that purpose should be considered.

177. The representative of Switzerland drew a number of conclusions from the discussions in the Committee. First and foremost, there was no alternative to reforms aimed at a more open world trading environment and a growing liberalization of participating economies. Since the persistent recession rendered the transition particularly painful, the Swiss Government recognized the need to provide support to developing countries, especially the poorest ones, in order to cushion the shocks caused by the reforms.

178. Secondly, the poorest countries needed support in completing their structural adjustment and economic reforms, more particularly because the social costs accruing in the course of those reforms could endanger the survival of the latter.

179. Thirdly, it was the responsibility of every country to put its own house in order. In the end, internal factors, such as good and sound management of public affairs based on the separation of powers, a soundly functioning and equitable legal system, macroeconomic stability and the improvement of human resources, determined whether developing countries would succeed in becoming integrated into world trade, in attracting foreign direct investment and in gaining access to new technologies. He stressed that the secretariat report overemphasized the external factors in the economic problems of developing countries undergoing structural adjustment while underestimating their own political responsibilities.

180. Fourthly, he emphasized the importance of a successful conclusion of the Uruguay Round which could provide the necessary impetus for renewed world economic growth and easier integration by developing countries into world trade.

181. Finally, addressing the proposal to establish a new intergovernmental working group to study risks and work out proposals aimed at limiting trade conflicts, he said that, while UNCTAD did have a useful role to play in identifying new subjects for negotiation in the context of the GATT, the Government of Switzerland did not consider the creation of a new working group to be necessary. An innovative approach to traditional sectors was needed instead. The subjects to be dealt with by UNCTAD in that respect could, for instance, include the relationship between trade and environmental protection, competition policy, and regional integration in conformity with GATT.

182. The representative of Argentina said that in the present critical period in the evolution of the international trading system certain developing countries could be said to have progressed half-way in the process of adjustment and restructuring while some trading partners were taking countermeasures that impeded that process. He drew attention to three categories of developing countries - those which had nearly or fully completed their adjustment policies; those which had adapted their competitive behaviour to the new challenges of the international economy; and the least developed

countries which in many instances were in a critical situation. All three categories were either facing an adverse international climate or were affected by the current tensions in the multilateral trading system. Changing that climate was a prerequisite for their development while international support was essential to the success of the adjustment processes under way.

183. He added that, on the basis of experience, regional integration tended to consolidate trading flows given a favourable political will. The various integration schemes in place should be viewed as processes aiming at the consolidation of a multilateral trading system with clearly defined rules and a reduction in the present levels of protection. The first step in that direction would be a rapid and balanced outcome to the Uruguay Round.

184. He referred to the informal discussions held as part of the Board session in which it had been suggested that developing countries should be compensated for opportunities lost as a result of protectionism and other trade practices. If it were possible to quantify such losses, it might be feasible to make a claim for such compensation and expect it to be met. There was no reason, however, for such a situation to arise if it was recognized that an efficient exporter exploiting a competitive advantage had the right to expect not to be expelled from the international market as a result.

185. With regard to the proposed early-warning mechanism, he thought that the Board should continue to elaborate ideas on the subject, which need not take the form of an ad hoc working group. The idea should, however, be borne in mind as it was fully consonant with paragraph 52 of the Cartagena Commitment. The secretariat might perhaps carry out studies and market analyses leading to possible conflict scenarios and, under certain hypotheses, authorize the secretariat to bring the relevant facts to the attention of the Board at an executive session.

186. The representative of Uruguay said that, while factors of internal policy were important, the economic environment also influenced trade performance and was particularly important for countries with small markets whose exports were concentrated in a few products only. Market opening measures in developed countries would permit such countries to develop their full export potential, for instance in the agricultural and textile sectors. The support concerned should come from the elimination of protectionist practices or trade-distorting practices such as export subsidies, and not merely from ad hoc solutions through concessional measures alone. In that connection, he said that trade preferences in themselves did not provide a solution to the problems of market access; the solution lay rather in the conclusion of the Uruguay Round.

187. He added that multilateralism and regionalism were compatible objectives, as was borne out by the fact that the economies of the four Mercosur countries were now more open than five years ago, one of the main objectives of that regional trading arrangement being to promote a better integration of their economies into international markets. He stressed that the aim of integration had not prevented those countries from opening their economies to the outside world. A process of that kind implied a very profound adjustment for his country in the industrial and agricultural sectors.

188. With regard to the proposal for an early-warning system, it was necessary to bear in mind that it related to situations involving commercial flows and not situations of non-fulfilment of legal obligations as in GATT. As a first step, the secretariat could undertake studies on possible trade disputes, but he did not see the need for an ad hoc group of experts on the subject.

189. The representative of Peru prefaced his remarks by invoking the concept of "paradigm shift", which assumed a firm and long-lasting belief in a certain "truth", even against growing empirical evidence contradicting that "truth", until a general recognition suddenly emerged that the "truth" was actually the very opposite of what had been claimed. He related this concept to the developing countries' experience up to the late 1970s in that the "truth" for these countries had been a development process based on State intervention to promote an industrialization process that would allow for import substitution. That paradigm had then been superseded by the new doctrine of the market as the best regulator of economic activity.

190. While many developing countries had chosen to liberalize and to open their markets as the best means of accelerating the development process, this shift had actually benefited only a very small number of them. Others were still struggling in the hope that their reforms would yield the benefits they expected and confirm the validity of the new "truth". That was why the secretariat report emphasized the need to promote mutual interests and a sense of equity in the international economy as reasons to increase external support to the developing countries. He doubted, however, whether the idea of cooperation or external assistance was essential in that context. The objective should rather be the genuine and real application of market rules in every sector of international trade, particularly those of interest to developing countries. It was not consistent that the market should be freely competitive for products in which a group of developed countries had a comparative advantage, but that restrictions should be enforced in other sectors where the developing countries were best equipped to export. He emphasized that equity was not synonymous with help or support. The level of cooperation required for developing countries could be rightly determined only when a genuine market system was fully in operation. Until that stage was reached, developing countries would easily find empirical evidence to confirm the "truth" that liberalization was not responding to the expectations aroused at the end of the 1970s.

191. He disagreed with the idea that the increase in developing countries' exports was due to liberalization in importing markets; instead, export expansion in the developing countries was largely due to the dynamism of their economies, despite the numerous protectionist and restrictive policies deployed. He also rejected the idea that unilateral and temporary mechanisms such as the GSP were the solution to the trade problems of developing countries, adding, as an example, that the removal of a single non-tariff measure - the Multifibre Arrangement - would bring the developing countries' benefits to a level almost equivalent to that of total world imports under the GSP. Finally, he expressed concern about disquieting signs in the developed countries that the paradigm of a free market was being changed, and wondered if the time had not come to shift to a new "truth" that would require the participation of countries in the development and regulation of international

trading markets. If such were the case, he added, the shift should consider the way to increase the participation of developing countries in international trade.

192. The representative of Canada said the secretariat document was a valuable contribution to the overall analysis of the kinds of trade policy reforms needed in developing countries. It correctly described the context in which the wider economic programmes had taken place and highlighted in a useful way the sorts of measures which many developing countries had undertaken with regard to trade liberalization. However, he did not share the overall assessment of the secretariat, which appeared to argue that only a relatively small number of developing countries had benefited from the change towards more outward-oriented economies over the past decade. There existed an abundance of economic analysis demonstrating quite the opposite. Also, the overall balance of the paper was distorted. Far more attention was paid to the "requirements for external support" than to the need for appropriate national policies. While external support was unquestionably an important component in trade policy reform, it could only build on the foundation of workable, sustainable national policies. He suggested that much greater attention be paid to those policies in future. It would also be useful to attempt more detailed country studies, while bearing in mind the need not to duplicate the work that had already been done in other international bodies such as the GATT Trade Policy Review Mechanism.

193. It went without saying that a successful conclusion of the Uruguay Round would be a major benefit to both developed and developing countries, since it would herald a more stable and predictable multilateral trading system, and improved market access for developing countries. The OECD, for instance, had estimated that lowered levels of protection stemming from a Uruguay Round agreement could amount to over $90 billion in annual income gains for developing countries.

194. The secretariat had been correct to highlight the growing importance of the trade/environment interlinkage, but had not adequately shown how trade-related environmental measures could represent possible areas of conflict. Certain situations were causing conflict, for example: (a) where measures were taken against imports produced by methods deemed environmentally harmful, (b) where trade measures were used to compel countries to change their environmental policies, and (c) where differing environmental standards might have implications for international competitiveness. The document also left the impression that the GATT was doing nothing to deal with those issues. It was in fact dealing with them through the Group on Environmental Measures and International Trade, and the Committee on Trade and Development.

195. With regard to the discussion on investments, he fully shared the view that a solid investment performance was a key element for the long-run success of trade policy reform. In view of the growing competition for investment funds among both developed and developing countries, the major focus should be on providing a more liberal framework and eliminating impediments to new and existing investments.

196. With regard to the proposal to set up a working group to develop an early-warning mechanism, he pointed out that various existing Standing Committees and ad hoc working groups had adequate scope to serve in an

early-warning role across a range of trade issues. The GATT itself, both through its formal dispute settlement mechanism, which was to be greatly strengthened at the conclusion of the Uruguay Round, and through its Trade Policy Review Mechanism, also played a key role in identifying areas of concern and in resolving trade disputes when they inevitably arose.

197. The representative of Mexico said that his country's experience, although not necessarily valid for other countries, could be regarded as a reference point. Trade liberalization, which was essential to achieve microeconomic efficiency and consolidate macroeconomic stability, should be undertaken once certain conditions had been attained. There was little to gain by opening up trade too slowly. An accelerated liberalization process would ensure its irreversibility and lead enterprises to introduce the changes required and to increase productivity in a short time span.

198. He stated that entering into prior negotiations with the enterprise sector on the measures to be taken would be tantamount to abandoning trade liberalization, and emphasized that gradualness mattered less than credibility. When entrepreneurs were convinced that there was no chance of reversing the trade liberalization process, they would concentrate their efforts on adjusting to new production patterns. A trade liberalization programme that aimed at credibility should therefore be carried out quickly, if possible even before the scheduled time-limit. However, when trade liberalization was undertaken, it was necessary to ensure that enterprises were in a healthy financial state so as to avoid the closure of structurally viable companies. There should also be adequate undervaluation of the exchange rate which would afford reasonable protection; a relatively high level of foreign exchange reserves in central banks; and a relatively low level of aggregate demand so as to mitigate any temporary surge in imports. The experience of many countries, including his own, had shown that arbitrage between world and domestic prices became more effective towards the end of the stabilization process, when financial speculation and the degree of undervaluation of the exchange rate had decreased.

199. He stated that there were two additional factors that were essential for the success of a trade liberalization process: clear rules against unfair trade practices and special export promotion programmes. The establishment of adequate institutions and rules for an open trade regime was a high priority. Trade liberalization was useless without modernization, for instance of the customs system which, for many developing countries, was a weak point. He emphasized the importance of external support which, in the case of the solution of Mexico's debt problem, had been a necessary prerequisite that had made the reform process possible. He doubted whether any economic reform process could be achieved without a successful solution of the external debt problem.

200. Finally, he supported the idea of setting up an intergovernmental group aimed at studying possible measures to prevent trade conflicts, as there were justifiable reasons for the establishment of an early-warning system in the economic field.

201. The representative of the United States said she agreed with a number of previous speakers that the most positive action the international community could take at the present time to move toward trade liberalization and increased trade and prosperity would be to conclude the Uruguay Round. She would revert to the subject when item 4 was taken up for discussion.

202. Regarding the secretariat recommendation in paragraph 105 of document TD/B/39(2)/3 that the Intergovernmental Group of Experts on Restrictive Business Practices (IGE) should be asked to explore the connection between trade law and competition policy and the possibility of multilateral discipline for such laws and policy, she considered the proposed task was outside the mandate of the IGE as established in the Set of Principles and Rules. She added that such work at the present time would unnecessarily duplicate the study which the OECD was currently making on trade law and competition policy. While not all members of UNCTAD were members of OECD she thought it would nevertheless be far better for UNCTAD to await the outcome of the OECD study, which was nearing completion, before beginning work on the same issue.

203. Turning to the secretariat proposal for the establishment of an ad hoc early-warning group under the auspices of the Board, she expressed interest in the view put forward by the representative of Switzerland on the subject, which could be further explored, for instance, during future executive sessions of the Board. On the basis of the information contained in the secretariat report, she wondered whether, in view of the present budget constraints, there was really a need to set up a new body and whether many of the issues that might arise in relation to an early-warning system could not be taken up in the Standing Committees, or in the Board itself. The work of other bodies, such as the Trade Policy Review Mechanism of GATT, could also be looked at in that connection.

204. The representative of Bangladesh, commenting on the statement made by the representative of the International Monetary Fund, said that she had been factually correct in her observations that the reformed measures of developing countries had produced mixed results. Less stringent IMF conditionalities would have produced much better results. Now that the reforms were visible in every part of the world, some changes in IMF practices were perhaps overdue. Their conditionalities should have a more human face. He therefore requested the IMF representative to throw some light on the prospects of reforming such practices.

205. In reply, the representative of the International Monetary Fund stated that the question of reform within the IMF was discussed in the Executive Board on an almost daily basis and developing country representatives were, of course, active participants in those debates. Conditionality was really the underpinning which provided the credibility and predictability of the changes in policy and in policy designs that reforming members of the Fund had decided on, and, as the representative of Mexico had pointed out, it was precisely such underpinning that was crucially important in the success of reform measures.

206. The Director of the International Trade Division thanked delegations for their valuable comments on the secretariat document, which would serve as a guide to the secretariat in its future work. Reviewing the background to the

document, he recalled that the issue of trade policy reforms had been highlighted at UNCTAD VIII and that, since then, the secretariat had made two detailed studies concerned entirely with the internal policy reforms taking place in the developing countries. The Trade and Development Report, 1992 gave an account of the reforms and the lessons to be drawn therefrom based on UNCTAD's own research into individual country experiences and the literature on the subject. In addition, in October 1992 the secretariat had issued a paper which again looked at the lessons and experiences of the developing countries' trade policy reforms. The report before the Committee took the earlier papers as a point of departure and gave further evidence on a sample of 14 countries. The bulk of the report dealt with the other aspect of the agenda item, namely the external support required for trade policy reforms. He added that the earlier papers had brought out many of the issues that had been raised in the informal discussions, i.e. the role of macroeconomic stabilization, the importance of timing and sequencing, the importance of the credibility of reforms, the importance of effective markets, the importance of coordinating economic policy and the importance of policy instruments.

207. In answer to the point made by more than one delegation that the secretariat report did not address the implications of simultaneous reform, especially for the terms of trade of commodity exports, he said that the report had clearly specified that it would deal exclusively with market access issues and not with issues relating to commodities, development finance or debt relief. The Committee on Commodities was a more appropriate forum in which to look at the question of terms of trade as a whole.

208. With regard to the proposal to establish an early-warning system, the intention was not to set up a working group immediately but rather a mechanism to enter into effect after the series of working groups created at Cartagena had come to an end. It would serve as a complement to the work of GATT, as a number of delegations had suggested. The idea was to develop some leading economic indicators along the lines of the work carried out by the National Bureau of Economic Research in looking at future business cycles. Their work was actually an early-warning approach to microeconomic policies, and an approach of a similar sort could perhaps be devised for problems likely to arise in the area of trade. The idea of early warning had been raised at Cartagena and therefore merited further clarification on the part of the secretariat. He stressed that the exercise involved an "ex ante" rather than an "ex post" approach, which was more applicable for the GATT dispute settlement mechanism.

Action by Sessional Committee I

209. At its closing plenary, on 26 March 1993, the Committee approved its agreed conclusions in relation to agenda item 3 (TD/B/(39(2)/SC.1/L.2) and recommended them to the Board for adoption.

Action by the Board

210. The action taken by the Board on agenda item 3 is reported in part I above.

Chapter III

DEVELOPMENTS AND ISSUES IN THE URUGUAY ROUND OF PARTICULAR CONCERN TO DEVELOPING COUNTRIES

(Agenda item 4)

Consideration in Sessional Committee I

211. The Chairman, opening the discussion on item 4, recalled that the Trade and Development Board had discussed the subject of the Uruguay Round since the Round had been launched in 1986. However, in view of the present situation of the negotiations, the task now before the Committee was particularly challenging.

212. In order to contribute to the successful outcome of the Uruguay Round, he considered that the discussions should focus on the transmission of a constructive and objective message to all Governments participating in the negotiations in the hope of intensifying the political will to bring them to a successful conclusion. In that connection, he noted that the Draft Final Act contained important instruments whose negotiated provisions represented a contribution to the settlement of the problems that appeared to be blocking a final agreement.

213. The Director of the International Trade Division, introducing the secretariat note (TD/B/39/(2)/CRP.1), said it was intended to provide the latest information on developments relating to the Uruguay Round as well as to identify the main characteristics of some of the agreements in the Draft Final Act. In addition, basic provisions of the Draft Final Act on differential and more favourable treatment for developing countries relating to trade in goods were reproduced and classified in the annex to the note.

214. Regarding the concerns of developing countries in the concluding phase of the Uruguay Round, he said that in his opinion, the Draft Final Act embodied instruments that would strengthen and improve the international trading system by providing greater security of market access and trading opportunities, particularly for developing countries through more detailed, workable and universally applicable multilateral rules and disciplines. If meaningful market access results were achieved, that would inevitably lead to an increase in export-oriented investment and strengthen the policy reform process launched by a number of developing countries. The outcome of the Round could be viewed as a response to previous trade liberalization and intensified trade and economic relations among countries. The intensity of those relations required clearer "rules of the game" if trade tensions were to be avoided, or at least effectively managed. The need for greater clarity had been largely responsible for the observed intensification of free trade agreements at the regional and subregional levels. A move towards a similar strengthening of disciplines at the multilateral level could also be accomplished through the successful conclusion of the Uruguay Round, and would help to reduce the discriminatory aspects of regional agreements. Another result of the Uruguay Round would be greatly increased transparency in trade policies through provision for more detailed notification of trade measures, and the establishment of the Trade Policy Review Mechanism on a permanent basis. Many of the draft agreements, notably those relating to agriculture and services,

provided a detailed framework for future negotiation of trade liberalization commitments. It should be recalled, in that respect, that in the course of the Uruguay Round it had been the developing countries themselves that had made major concessions in terms of reduced freedom of action with respect to trade in goods, trade in services and, perhaps most dramatically, with respect to their future policies for technological and social development in relation to the transfer of technology and the protection of intellectual property rights. Nevertheless, more stringent and detailed multilateral rules could well outweigh perceived imbalances in some of the draft agreements to the extent that all countries, regardless of their economic power, agreed that their trade policies could be truly governed by those rules.

215. Finally, the conclusion of the Uruguay Round was likely to entail a definition of multilateral negotiating objectives for the future. In that context, an effective consensus-building process should begin as a prerequisite for future multilateral trade negotiations, in particular to avoid certain negative aspects of the Round such as its long duration, which had left the international trading system in limbo and doubtless encouraged bilateral and regional approaches. UNCTAD, basing itself on the Cartagena Commitment, could play a constructive and important role in the consensus-building process.

216. The representative of Ecuador, in referring to the role of the Board as an analytical and consensus-building forum, said he would also be speaking on behalf of Colombia, Costa Rica, Guatemala, Honduras, Nicaragua, Panama and Venezuela with respect to the regime which the European Community intended to apply to banana imports from Latin America. That regime, involving the establishment of quantitative restrictions and tariffs which, in certain cases, exceeded those bound in GATT by 1,000 per cent, contradicted the principle of standstill and the commitments in the Punta del Este Declaration which aimed at the complete liberalization of trade in tropical products, as well as the New Partnership for Development embodied in the Cartagena Commitment.

217. It was unjustifiable that those countries, which had been implementing economic reforms and adjustment at great cost, should be confronted with the unilateral imposition of such a protectionist regime which would strike a deadly blow to the exports of a commodity essential to their economies and to their efforts to overcome the effects of the "lost decade" of the 1980s.

218. According to the estimates of the Union of Banana Exporting Countries, the EC would obtain additional resources of $256 million a year from the application of the tariff quota to banana imports from Latin America at the cost of the loss of employment for 173,000 workers. It would result in a 12 per cent reduction in banana cultivation (33,000 hectares) and a loss to the countries concerned of $1,000 million by the end of 1995 in terms of exports.

219. It was unthinkable therefore that the Latin American banana-exporting countries would allow the Uruguay Round to be used to legitimize protectionist measures which substantially worsened market access conditions for products of export interest to developing countries. These countries, three of which were

still in the process of accession to GATT, were firmly determined to assert their GATT rights with the objective of avoiding irreparable damage to their banana industries and their economic and social development.

220. It was essential for the Trade and Development Board to exercise its mandate in that connection to define methods and constructive positions in order to give political impetus to arrive at concrete results.

221. The spokesman for the least developed countries (LDCs), Bangladesh noted that the distribution of the benefits of dynamic growth in international trade had been highly skewed considering the remarkable expansion in international trade during the 1980s. During that period, however, the LDCs had suffered a decline in the current value of their total exports, while the developed market-economy countries, as well as other developing countries, had been able to increase their exports. For the LDCs, the decline in market shares had been even more pronounced from 0.6 per cent to 0.3 per cent. Although the LDCs had done well in respect of a few commodities, their poor trade performance over the past decade in particular could be attributed to a variety of factors, such as structural constraints, low supply elasticity, dependence on a few commodities, etc. The current recession had serious implications for world trade which jeopardized the trade performance of all developing countries, and especially that of the LDCs. The Uruguay Round negotiations consequently represented a potential for new trading opportunities for those countries. To what extent that potential would be realized would depend on the way in which the international trading system that emerged from the Round would take account of their special needs and of the largely unilateral liberalization they had already introduced.

222. Quoting the unambiguous political commitment in the Punta del Este Declaration, he said that the least developed countries were disappointed as this commitment had not been properly reflected in the Draft Final Act. When some major participants were seeking special concessions in areas of particular interest to them, it was incumbent on other participants to pay very special consideration to the LDCs.

223. The Draft Final Act contained a decision that gave the illusion of an overall enabling instrument for special and differential treatment for LDCs in all the negotiated instruments. The provisions regarding special treatment were not clearly defined in the various instruments and thus left it unclear what kind of discipline those instruments would impose on the LDCs. The LDCs wished to benefit from the time gained as a result of the stalemate in the negotiations and to reassess the implications of the Draft Final Act in the light of the current more difficult economic situation.

224. He further pointed out that in some areas the measures took the form of best endeavour provisions and thus fell short of concrete commitments, as in textiles and clothing and safeguards. It would be unfair to subject the LDCs to the same obligations as those applying to both developed and developing countries after the transitional period. Hence, that type of transitional provision could not be described as special treatment for LDCs. Concrete commitments in specific areas needed to be reconciled in such a way that the well-recognized concerns of LDCs were fully addressed with a view to integrating them into the global trading system in an equitable manner.

225. With regard to market access, he noted that the package for LDCs did not include market access results in the area of trade in goods and services. The long-term development prospects of the LDCs were contingent on their being given improved and differential market access opportunities. Similarly, obligations in areas like TRIPs, TRIMs and services should not circumscribe the opportunities sought by LDCs in other areas.

226. Listing the principal concerns of the LDCs with regard to market access, he said that concessional opportunities for market access in tropical products, natural resource-based products, and textiles and clothing were of particular concern to LDCs. The Draft Final Act did not specify the compensation for LDCs for serious losses and threats to their exports due to changes in market access conditions. There was a need for complete clarity regarding the flexibility provided for protection and support to agriculture in the LDCs. The welfare loss for LDCs from the erosion of the existing preferences was not fairly addressed. The net-food-importing countries needed clear commitments of additional and new resources to overcome the serious difficulties they would encounter as world food prices rose consequent upon changed world market parameters in trade in agriculture. More concessional access to existing facilities of international financial institutions should be provided. New facilities and windows might be created. The overall level of assistance to the LDCs needed to be substantially increased.

227. Furthermore, all MFN concessions on tariffs and non-tariff measures agreed in the Uruguay Round on products originating from the LDCs should be implemented in favour of these countries in advance and without staging, on a non-reciprocal basis.

228. He also pointed out that a general relaxation of the discipline of rules of origin would considerably help the LDCs. Owing to their very limited economic and technological capacity in meeting local content requirements, the LDCs could not match countries that possessed higher skills and technologies. Local content requirements should therefore be substantially lowered for them under the rules of origin, as a special consideration, since it would also strengthen the incentives for foreign investments in LDCs. The outward processing done in an LDC should be deemed to have automatically extended the origin of the least developed country to the product to meet the content requirement of national/regional systems of tariff preference.

229. He noted that some of the stipulations of the Draft Final Act on anti-dumping were too broad, and might be misused to the detriment of the legitimate trading interests of LDCs. The concrete proposals of the LDCs were still on the table in that respect. The concerns of the LDCs needed to be taken on board.

230. The LDCs also sought specific provisions as regards technical barriers to trade. With regard to safeguards, the LDCs should be allowed to resort to safeguard measures, on a non-reciprocal basis, as long as they remained LDCs. They should be exempted forthwith from the use of safeguard clauses against them by importing countries. The provisions regarding sanitary and phytosanitary measures were too inadequate to ameliorate the severe institutional, economic and technological problems besetting the LDCs. A 10-year period of exemption for LDCs should also be considered.

231. In the field of textiles and clothing, the Draft Final Act did not provide any special measures to enhance access for the LDCs' exports with immediate effect. A special dispensation was made for certain categories of exporters. Such measures permitting meaningful increases in access did not seem to be applicable to LDCs. Most importantly the phasing out of the Multifibre Arrangement would place the LDCs at par with other developed and developing countries. The LDCs therefore requested immediate elimination of all tariff and non-tariff restrictions, including quantitative restrictions on the textiles and clothing exported by them. They should be exempted from the application of the transitional safeguard regime, and from any safeguard measures agreed in the area of textiles and clothing.

232. He hoped that the international community would take note of the special difficulties of the LDCs, and would enable the 47 LDCs to be increasingly associated with multilateral cooperation in the area of trade. He also hoped the Trade and Development Board would call upon the participants in the Uruguay Round to take the concerns of the LDCs fully into account.

233. The representative of Costa Rica stressed that UNCTAD now had a clear mandate with respect to the Uruguay Round to build a consensus aimed at preventing protectionism and discrimination against developing countries and to contribute to the strengthening of the multilateral trading system and improving access to markets. Costa Rica had expected that its profound structural adjustment and trade liberalization would be matched by similar attitudes on the part of its major trading partners. Unfortunately, however, Costa Rica had found itself obliged to invoke the dispute settlement mechanism of GATT to ensure observance of its rights, which were not being respected by the EC regime for banana imports, to be implemented on 1 July 1993. The representative of Ecuador had described the serious damage that would be incurred by Latin American banana exporters. In the case of Costa Rica, it would amount to a 25 per cent reduction in production and a loss of $750 million in income over the next five years, as well as a direct loss of 25,000 jobs. Her delegation was confident that mutual efforts would be made in the Board to reach a consensus in the analysis and settlement of the problem, thus meeting the challenge that had been posed in the New Partnership for Development that had emerged from UNCTAD VIII.

234. The representative of Australia reconfirmed his country's commitment to the success of the Uruguay Round. Australia was one of the 37 small to medium-sized countries on whose behalf President Menem of Argentina had sent a letter to the leaders of the United States, the EC and Japan urging that the highest priority be accorded to efforts to bring the Uruguay Round to an early and successful conclusion. While recognizing that the Uruguay Round was a global undertaking, these three major trading entities had a particular responsibility to provide leadership at such a critical time.

235. Australia recognized the valuable role which UNCTAD, as a forum with universal membership and a special role in the promotion of trade and the development prospects of the developing countries, could play in helping to bring about a satisfactory outcome to the Round. It was particularly important for UNCTAD to highlight the contribution which a successful conclusion to the negotiations could make in instilling confidence into the

developing countries and economies in transition that their increasing economic competitiveness would not expose them to arbitrary trade barriers and retaliatory actions.

236. Since UNCTAD VIII, UNCTAD had regained a valued and authoritative voice in matters of trade. He therefore suggested that the Board should consider sending an unequivocal message to the major negotiating parties to the Round that the economic growth and development prospects of all countries depended on the major trading partners doing their part in bringing the Round to a speedy and successful conclusion.

237. The representative of China said that, although the Uruguay Round had entered its seventh year, it was still hard to predict when it would be concluded. The suspension of the negotiations had cast a shadow over the hopes of the majority of participants for a balanced outcome as soon as possible. The major trading nations bore a heavy responsibility for such a situation.

238. He noted that the developing countries had made enormous efforts to create a secure and rational environment for free trade in keeping with the objectives of the Punta del Este Declaration. In the course of the negotiations, although burdened with their own economic difficulties, affected by the unfavourable terms of trade and faced with challenges in various areas of the negotiations, the developing countries had made many concessions and had sometimes paid a high price for their domestic policy adjustments and measures of reform. However, in the areas of particular concern to them, their demands for differential and more favourable treatment had not been given full consideration by the developed countries. In such areas as textiles, practices running counter to GATT principles still persisted. Nevertheless, the developing countries continued to be very cooperative in the attempts to establish a new international trading system and to eliminate trade protectionism.

239. With respect to the stalemate in the negotiations and the fact that the conclusion of the Round was at the mercy of the disputes of some major trading nations over agricultural products and other related issues, he hoped that countries with special responsibilities would exert the maximum political efforts to break the impasse and enable the negotiations to resume.

240. The Chinese delegation considered that the Draft Final Act could serve as a basis for the conclusion of the negotiations although it was not entirely satisfactory as it did not accommodate some of the concerns of his country. All sides should respect the package agreements which reflected the balance of interests and should be very prudent about any proposal to reopen negotiations and dismember the package. Transparency should be fully assured in plurilateral, multilateral and, in particular, bilateral negotiations and consultations among certain parties. He pointed out that the failure or stalling of the Uruguay Round negotiations would not only result in immeasurable losses for reform and trade liberalization in developing countries, but would also have extremely harmful effects on world trade.

241. Referring to the mandate of UNCTAD VIII requesting the Board to analyse and assess the outcome of the Uruguay Round, in particular in areas of interest or concern to developing countries, he said that the discussions at

the present session were only the beginning. An assessment of benefits and disadvantages emerging from the implementation of the outcome was of a substantive nature, and he hoped the secretariat would strengthen its work in that respect.

242. Referring to his own country, he informed the Board that, while China was in the process of resuming its status in GATT, it had fully participated in the Uruguay Round and made initial commitments with respect to trade in services. Domestically, the reform of its trade regime and the establishment of a market economy had achieved undeniable results and were making further progress. China was prepared for and ready to take up its responsibilities and obligations concerning the outcome of the Round, and to contribute to the healthy functioning of the world trading regime.

243. The representative of Chile, referring to paragraph 143 of the Cartagena Commitment, recalled that his country had subscribed to a message addressed by 37 developed and developing countries to the leaders of the EC, the United States and Japan, calling upon them to give top priority to bringing the Uruguay Round to an early and successful conclusion. His delegation considered that a broad and balanced conclusion to the Uruguay Round would not only contribute to reversing protectionist tendencies but also to consolidating the autonomous liberalization undertaken by many developing countries. The present stagnation of the negotiations had particularly penalized countries like Chile, which had promoted their integration into the world market and transformed the external sector into the main engine of economic growth.

244. Chile was committed to the objectives of the Uruguay Round and called upon its major trading partners to show the necessary political will. The Draft Final Act provided the basis for agreement, although the conclusion of the negotiations required the completion of the market access negotiations on goods and services. Only if a real improvement in market access for its exports were achieved, including, in the case of agricultural products, the maintenance of current minimum access opportunities and strict respect for the modalities in the Final Act, could Chile consider the outcome to be successful.

245. The spokesman for the Asian Group (Pakistan) said that the Uruguay Round was still the single most important item on the agenda of world trade and all other problems like protection, trade wars and trade disputes, were directly or indirectly linked with the successful conclusion of the Uruguay Round. Success would undoubtedly mean strengthened multilateral rules and disciplines in the international trading system. Failure to conclude the Uruguay Round would unleash a series of disastrous developments such as an increase in protectionism, the creation of inward-looking blocs resulting in trade diversion, and unilateralism, the cumulative effect of which would obviously leave the international trading system in a state of chaos. The developing countries were quite aware of the danger and were doing their best to help to strengthen the multilateral trading system. In fact, some of them had not even waited for the conclusion of the Uruguay Round but had pressed ahead with a programme of trade reforms autonomously. Today developing countries were more liberal in their trading regimes both in tariff and non-tariff measures than at the start of the Round. He noted with regret, however, that the major trading partners were not ready to resolve their differences among themselves.

The Draft Final Act was still considered by the vast majority of participants as the basis for the successful conclusion of the Round, although the provisions for market access to exports of developing countries needed to be improved. It was regrettable that new concerns were being raised by a number of participants who were not wholly satisfied, thereby risking the unravelling of the delicate balance achieved in the package.

246. Referring to the severe economic recession from which the world was suffering, he pointed out that a successful end to the Uruguay Round would certainly stimulate the growth of world trade as a result of improved market access, free competition based on strengthened rules and differential and more favourable treatment for developing countries. More activities would come within the ambit of multilateralism, such as trade in agriculture, services, and TRIPs. The integration of trade in textiles into the multilateral system through the phasing out of the Multifibre Arrangement, the elimination of actionable subsidies, and clearer rules on safeguard measures would certainly help to increase trade by bringing predictability and fair play into the system.

247. As the Asian Group consisted entirely of developing countries (some of which were least developed countries), the Group viewed the Uruguay Round package as an instrument through which they would gain something. They were paying their share by providing improved market access and conforming to the desires of developed countries in as far as trade in services, TRIPs, TRIMs and some other arrangements and understandings were concerned. The Group believed that everyone had to share the burden, without, of course, compromising on their right to differential and more favourable treatment as developing countries.

248. He stated that his Group was against any conditionality on trade as it considered conditionalities to be non-tariff measures, be they on political, social or environmental grounds. In order to conclude the Uruguay Round successfully, he believed that, in accordance with Part I, section G, of the Punta del Este Declaration, the results had to be evaluated with a view to ensuring differential and more favourable treatment for developing countries. He also believed that no item should be included on the negotiating agenda other than those mandated at Punta del Este and that all participants stood committed to fulfilling the whole of the mandate.

249. The representative of Brazil said that his country remained of the opinion that a quick conclusion of the negotiations on the basis of minor changes to the Draft Final Act was the only way to preserve successfully the results of six years of negotiations. The major trading partners should show, through concrete actions, their unequivocal commitment to the conclusion of the Round.

250. Delegations of many developing and developed countries had stressed the importance of concluding the Round as a means of securing market access for developing countries' exports, thus providing international support for their efforts at trade reform. He stressed two conditions that were necessary to translate that proposition into reality. First, what was aimed at was a balanced result of the Round. In his view, the Draft Final Act, while not entirely satisfactory to everyone, currently represented the balance that it was possible to obtain without risking the collapse of the Round.

Unfortunately, some delegations of major partners were still seeking modifications that would cause irreparable damage. Moreover, the modifications sought would affect the security of market access concessions by lessening disciplines on trade remedies that had been and were still being used with a clear protectionist intention on many occasions. If, however, any negotiations were undertaken to address certain countries' difficulties with the Draft Final Act, Brazil would be active in seeking the removal of some of its more serious problems in relation to the present text, since it was convinced that those problems were of interest to developing countries in general.

251. Secondly, the assumption that the conclusion of the Round addressed the market access problems of developing countries would only be borne out if important changes were made in the course of market access negotiations. No serious negotiations on the subject involving developing countries had been held in the Round for a long time, basically because they had been rendered impossible by the lack of progress in the negotiations between the two major trading partners, compounded by the deadlock over agriculture. However, when the agriculture negotiations had resumed and agricultural schedules had been presented, the results had been far from fulfilling the expectations of developing countries with a special interest in that sector. At the same time, on the grounds that developing countries were not principal suppliers, or in order not to benefit countries that were not parties to the GATT, requests from developing countries had not received adequate consideration by major trading partners. Spurious initiatives for sectoral negotiations that were not envisaged in the agreed procedures had introduced additional obstacles to progress with regard to market access. The developments in question were in stark contrast with developing countries' offers, which in most cases contemplated a ceiling binding that represented a radical increase in the coverage of bindings and reductions greater than the Montreal mid-term review target.

252. The representative of the European Community, referring to the secretariat document, said that the Community shared the fundamental conclusion in the document that the Uruguay Round remained the best hope for both developed and developing countries to return to the path of growth. The EC shared the view stated in the document that the instruments contained in the rules package of the Draft Final Act would strengthen the international trading system for developing countries to pursue and defend their interests. He was of the opinion that, despite the present lack of activity in the Round, the negotiations could be concluded within 9 to 12 months provided the political will could be found and a common effort made. Referring to the various delays in the negotiations, he recognized that the EC had borne some responsibility for them in the past. Indeed, when the draft of the Final Act had first been tabled, the EC had clearly stated that one element in it was not acceptable. The EC had been able to negotiate the necessary adjustments with the partners concerned and was now prepared to conclude the Round on the basis of those adjustments. It was regrettable that a number of other participants who had not spoken up earlier were now claiming to have similar

problems, which would cause further delay. While the EC was prepared to look at such problems, it would have been more constructive had they been raised earlier.

253. Referring to the concerns expressed by the representatives of the least developed countries present, he assured them that the Community was fully prepared to define, as appropriate, specific solutions to their problems. However, the Community did not consider general sweeping derogations to be in the best interest of those countries. The participation of LDCs in the GATT and in the rules package of the Uruguay Round would ensure the simplification and transparency of their trade regimes. He further emphasized that the GATT was a contractual institution by nature, that being the principle on which the negotiations were conducted. That was particularly obvious in market access negotiations, where the participants had to participate on a give and take basis. Although the GATT system included specific market access provisions for developing countries and LDCs, the best way to address individual needs was still active participation in the negotiation process.

254. As regards the concern aroused by the Community's banana import regime, he said that the proper procedure was under way in the GATT to see whether or not the Community had honoured its contractual obligations in that respect. The case might well illustrate the merits of the dispute settlement system within the Uruguay Round, since, by definition, an efficient and strong dispute settlement system within a solid institutional framework was the best defence of smaller or weaker parties in international trade. The Community supported that principle and had participated in the course of the negotiations in designing a more efficient and integrated dispute settlement system.

255. The EC remained committed to a multilateral effort to conclude the Round, and all participants should contribute to build a major market access deal that would complement the rule-making package.

256. The representative of the Republic of Korea said that high energy prices, continuing unemployment, trade imbalances and the recent recession had spurred a desire for increased unilateral and bilateral protection of domestic industries. Unilateral protection had taken the form of anti-dumping and countervailing duty action, among other things, while bilateral protection had taken the form of voluntary agreements to restrain trade, either between industries, or between government and industries. While protection might have short-term domestic political advantages, it posed a serious long-term threat to economic growth in all parts of the world and, in particular, to the developing countries. The Uruguay Round negotiations were designed to lessen the potential for protection, and to spur economic growth in all parts of the world by reducing tariff and non-tariff barriers and expanding trade in services, including financial services, as well as trade in the agricultural sector.

257. It was clear that the Uruguay Round had the potential to significantly shape the evolution of the world trade system far into the next century. However, the Round, originally scheduled for completion in 1990, was now at an impasse owing to the differing positions among participants on issues of critical importance to many developing countries, such as market access, textiles and TRIPs. The success of the negotiations now depended on the

renewal of the United States negotiating authority and the evolution of the EC position after the French elections. If agreement was to be reached, however, the often conflicting national interests of importing and exporting countries, as well as of developed and developing countries, had to be balanced. In addition, the process of liberalization should be implemented gradually, so as to prevent the collapse of certain industries in particular countries that might otherwise occur.

258. While his country was anxious to see a rapid conclusion of the Round, it nevertheless hoped that some of the provisions contained in the Draft Final Act, including those on the liberalization of agricultural trade, would be revised. In particular, critical issues such as food security should be reflected in the Final Act.

259. The representative of the United States said that her country was committed to revitalizing economic growth at home and abroad. Trade expansion was central to that effort, and the Uruguay Round remained high on the new Administration's agenda. In that context, the United States trade representative, Ambassador Kantor, had announced the President's decision to seek the renewal of fast track procedures to complete the Round. The timing of the request and the duration of the authority would be determined only after further discussions within the Administration, and consultations with Congress and the private sector.

260. However, the United States considered that, in the light of discussions to date, negotiations were not as close to completion as had been reported in early January. The United States' goal was a good agreement, not just a quick one. In that connection, she emphasized that it would not be possible to reach agreement until some of the United States' problems with the Draft Final Act were dealt with seriously and effectively. The possibility of an agreement also depended very much on the market access commitments for goods and services that were still being negotiated. Ambitious agreements for cutting tariff and non-tariff barriers would be necessary if the support of the United States business community and its workers was to be won. The Director-General of GATT's consultations in December 1992 and January 1993 had revealed that further work was required to improve the Draft Final Act and that some other participants were also seeking to modify some of its provisions.

261. She remained very concerned that many of the participants had not submitted their agriculture schedules, industrial access offers or initial commitments for services. All those who stood to benefit from the negotiations could not escape from contributing to the strengthening of the trading system. In particular, the United States, the EC and Japan needed to show leadership in the Round. Meaningful contributions from the newly industrializing countries and the developing countries that owed their economic gains to a strong, open multilateral system were also sought.

262. The representative of Bolivia stressed the importance of the Uruguay Round for the economic viability of those countries whose adjustment programmes were intimately linked to export growth and improved access to foreign markets. He was preoccupied by the fact that the schools of thought that provided the basis for the development models of the majority of developing countries seemed to be called in question. The consideration and

analysis of concepts such as competitiveness, the environment, the situation of workers, compensatory trade, subsidy policies and social security clauses could lead the trading community in a different direction. It was necessary to determine in which direction the international trading community was headed by conducting an analysis of whether, in the light of new developments, the principles of free trade were still valid and whether those countries that had maintained that free trade represented the only way to achieving well-being and economic growth still affirmed those principles. His concern was accentuated by the fact that the answer to some of those problems by the developed nations took the form of increased protectionism, the closing of markets and various types of trade barriers. In the light of its mandate as reaffirmed at UNCTAD VIII, the Trade and Development Board was the appropriate forum for such an analysis of the future course and orientation of the trading community.

263. The representative of Japan noted that there was a universal recognition that the speedy completion of a successful Uruguay Round would be of enormous value to the world as a whole, while failure would mean the risk of an increase in protectionist measures and would undermine the credibility of the multilateral trading system. The world was therefore anxiously awaiting the reinvigoration of the multilateral process in Geneva.

264. He informed the Board that the Japanese Prime Minister had recently received a message from the President of the Argentine Republic, urging, on behalf of over 30 countries, that the highest priority should be accorded to efforts to bring the Uruguay Round to an early and successful conclusion. His Government took serious note of the message as an indication of those countries' great expectations as regards the role the major economies could play in completing the task. He assured the Board that Japan was determined to continue its efforts and to cooperate with other Uruguay Round participants to bring the negotiations to an early and successful conclusion. He further informed the Board that his country was fully prepared to engage constructively in further negotiations, once every other country, including the major players, was ready to come back to the negotiating table.

265. The spokesman for the least developed countries (LDCs) (Bangladesh) supplemented his statement under agenda item 3 concerning the need to reconcile the Draft Final Act in such a way that the legitimate and major concerns of the LDCs were specifically provided for. He said that, in the area of TRIMs, the LDCs should be totally exempted from all obligations on a non-reciprocal basis, and allowed to use TRIMs for the development of their domestic export base, balance-of-payments reasons and protection of their infant industries as long as they remained LDCs. As regards TRIPs, although the LDCs' special needs were recognized in the preambular part, the time advantage of 10 years was not adequate. As long as a country remained least developed, it should be exempted from undertaking commitments in TRIPs. The provisions for services, in spite of their declared intent, were too vague and imprecise. He added that the LDCs were not expected to make any initial commitments, and this should be incorporated into the Draft Final Act.

266. The representative of Jamaica said that there was a general agreement that a successful conclusion to the Round, resulting in strengthened multilateral rules and disciplines for governing international trade, would contribute to revitalising world economic growth, in particular by providing

an incentive for trade and investment through the generation of new confidence in the rules of the game. This assumed that the new rules of the game would reflect balanced rights and obligations for all players and would facilitate free competition and improved market access. It was also generally acknowledged that failure to conclude the Round would lead to greater disequilibrium in the international economic environment; that there would be an increase in certain trends that had emerged in recent years such as protectionism, and a proliferation of free trade agreements at regional and subregional levels with their potentially discriminatory effects. Failure would also result in a loss of momentum for the process of structural reform and trade liberalization carried out in many developing countries, with negative effects on world trade. The Government of Jamaica remained committed to working towards a successful conclusion of the Round, and believed that it should address the interests of all participants in a balanced and equitable manner while ensuring that the special concerns of developing countries were adequately addressed.

267. She shared the view that the Draft Final Act and the Punta del Este Declaration should continue to form the basis of the negotiations in its final phases, and should be supplemented by a comprehensive package of specific commitments in the area of market access. Market access had been identified as perhaps the critical yardstick by which the benefits obtained from the Round for developing countries would be measured. The extent to which access was provided by the major trading nations and the inclusion of sectors of interest to developing countries such as tropical, agricultural and natural resource-based products would provide some of the criteria by which results of the Round were to be assessed.

268. She hoped that developing countries would also be given credit and recognition for their trade liberalization measures in the negotiations on market access.

269. It was difficult, however, to envisage concluding the negotiations without making a number of substantive changes in order to accommodate certain important concerns of several participants. It was essential that an evaluation of the results of the Round should be carried out in accordance with Part I, section G, of the Punta del Este Declaration in order to ensure that developing countries received differential and more favourable treatment.

270. The issue of the EC banana import regime and its perceived implications for banana exports from Latin America was one of vital importance for Jamaica as well as for several other developing countries in the African, Caribbean and Pacific Group (ACP), and as it was also for the Latin American countries. The fact that there were countries, including Jamaica, which had entered into legal, contractual and binding obligations with the European Community on a range of issues including market access for bananas meant that their rights had to be honoured and respected. The Government of Jamaica expected that, within the framework of the Round, the Community's overall contractual obligations to the ACP countries through the Lomé Convention would be honoured and respected.

271. Finally, she said that net-food-importing countries, including Jamaica, were likely to encounter serious difficulties owing to increases in world food prices that would result from the proposed reforms in agricultural trade as

contained in the Draft Final Act. There would be a need for new and additional resources to assist in cushioning the adjustment of such countries to the new situation. There could also be increased concessional access to existing facilities of international financial institutions. Efforts could also be made to enhance the capacity of those countries to increase their agricultural production, in particular of food crops.

272. The representative of Uruguay noted that the secretariat document had identified certain possible issues for future multilateral negotiation. While he considered that the Trade and Development Board should study such issues, it should do so separately from the analysis of developments in the Uruguay Round. The Declaration of Punta del Este defined the agenda and provided the framework for the solution of the most urgent problems facing international trade, which should be settled before negotiations were begun on other issues.

273. He called for a rapid and balanced result of the Uruguay Round: rapid, in that it should be concluded preferably by the end of 1993; balanced in the sense that the results must involve both a strengthening of the disciplines of GATT and their extension to areas to which they had not formerly applied such as agriculture and textiles. These were already embodied in the Draft Final Act to which only the minimum modifications should be made. A satisfactory result would also necessitate improved access to developed country markets for products of interest to developing countries.

274. A great number of developing countries had made a major contribution to the Round in terms of their trade liberalization policies and the specific offers they had made on market access for goods and services as well as in the area of intellectual property. He recalled that the Punta del Este Declaration called for a final evaluation of the results of the Uruguay Round. Uruguay had associated itself with the message submitted by the President of Argentina on behalf of 37 countries, and hoped that it would receive a response in the form of concrete actions on the part of the three major trading powers.

275. The representative of Argentina considered that the secretariat note was particularly well balanced and wished to comment on certain issues highlighted in it. First, he could not agree with the apparent emphasis on the discriminatory aspects of regional agreements and stressed that the agreement to which his country was a party was in complete conformity with multilateral disciplines. With respect to agriculture, he referred to the importance that his country attached to an agreement in that area, based upon (a) the dismantling of subsidy regimes, both on production and exports, (b) a reduction in barriers to market access, (c) the adoption of multilateral standards for sanitary regulations.

276. The document referred to the high cost of the TRIPs agreement to developing countries, and in particular the absence of differential and more favourable treatment for them. This instrument did not satisfy Argentina but could be accepted in the context of the broad package of negotiated agreements. With respect to services, he shared the assessment in the secretariat note that developed countries were seeking further concessions in sectors of interest to them without comparable progress being made in issues of priority interest to the developing countries.

277. The developing countries had participated actively in the negotiations and had been more generous than the developed countries in their offers of market access for goods and services. They were clearly not responsible for the current impasse in the negotiations, whose solution required a rapid and balanced decision. Argentina shared the position of other participants in the Round that the same issues should not be negotiated twice. A rapid and balanced decision could only be reached on the basis of the Draft Final Act in which no more than minor changes would be acceptable.

278. The representative of Senegal, referring in particular to the statement by the Director-General of the GATT, said that the whole world awaited impatiently but also with concern for the resumption of progress in the Uruguay Round. He associated his country with the message sent by President Menem of Argentina and the statements made on behalf of Africa and the least developed countries, and stated that Senegal would make every effort, within its limited means and capacities, and with strict respect for the general principles of the Punta del Este Declaration, to fulfil its obligations. In the negotiations, his country was hoping for a major opening of the market for its exports in order to obtain resources to realize its development objectives. To his regret, little progress, if any, had been made so far in the area of market access, which was of vital importance to developing countries. Multilateralism in that area should be revitalized as soon as possible, provided there was political will on the part of governments. Appropriate action by the delegations of the United States of America and the EC was eagerly expected, and it was hoped that understanding would be shown for the concerns of developing countries, in particular the LDCs. Concerning the problem of the EC banana import regime, he supported the statement by the representative of Jamaica. He concluded by calling for a multilateral trading system based on improved and non-discriminatory rules and disciplines to be established through a successful and balanced conclusion of the Uruguay Round.

279. The representative of India said that it was reassuring to hear from the representative of the EC that the Community was now prepared to conclude the Round on the basis of the adjustments made. He hoped that its position would not be changed as a result of political processes within member States. Similarly, Japan's determination to continue its efforts to cooperate with the other Uruguay Round participants to bring the negotiations to an early and successful conclusion was welcome. He also noted that the representative of the United States had said that her country's goal was to have a good agreement, not merely a quick one. The benefits that would flow from a successful, balanced and equitable conclusion to the Round based on the Punta del Este Declaration were apparent to all. If the Round was concluded soon, it could even help to overcome the present recession and would hopefully put the long-term international trading environment on a firm and secure footing. It would reduce non-tariff and tariff barriers and help the developing countries to realise the benefits they looked for from their reforms and restructuring process. However, the search for a good agreement should not lead to an impasse where there was no agreement at all.

280. He did not think that the issues of market access incorporated in the draft Final Act text were all closed issues. India had put forward its concerns on this aspect of the Draft Final Act package as early as 13 January 1992. The question of better market access for developing

countries, especially in such fields as leather goods and textiles, definitely required to be addressed in part through the text of the Draft Final Act. While efforts were made to conclude the Round, it should be ensured that the final outcome was clear and balanced. The larger trading entities naturally bore a greater responsibility for the continued operation and follow-up of the existing system and for the efforts to strengthen it.

281. India had shown a great degree of flexibility and cooperation and had made every effort to bring about an early conclusion of the Round. In the process of economic restructuring, India was opening up its markets and expected reciprocity. Before the conclusion of the Round, he looked forward to an assessment of the intended results from the point of view of developing countries, as had been provided for in the Punta del Este Declaration.

282. The representative of the United Republic of Tanzania acknowledged the useful background documents prepared by the secretariat with particular reference to the least developed countries, and stressed that the task of the Board was to ensure that trade promoted development and to emphasize that without development there could be no trade.

283. Referring to agriculture, as the central preoccupation of the major trading nations in the Uruguay Round, he said that the issue could have been handled in GATT and even now could be concluded if the necessary political will existed. With regard to the so-called "free-riders", he pointed out that agriculture in developed countries had been allowed "free riding" for nearly half a century as a result of its inbuilt GATT waivers and safeguards. The cruel paradox of agricultural products was that while accumulation, vertical specialization, and horizontal diversification in developed countries had continued unabated, tropical agricultural products had been freely exploited by the market, thus giving additional surplus value to the products of industry.

284. Although no country was unaware of the significance of a multilateral trading system, such systems could be extremely unjust, particularly to the underdeveloped economies, if they were founded on accumulated power and wealth. It was ironic that those who needed the multilateral trading system most were those who were most in need of market access.

285. It was for the Trade and Development Board, as an important organ of UNCTAD and hence of the United Nations, to succeed in convincing those who had the power to free the market, when it suited them, that it was much too easy to prescribe principles of good governance for the underdeveloped without adding up all their implications for resource transfer, given the arbitrary nature of market forces.

286. Concerning the interests of developing countries in the Uruguay Round, he said that it was extremely important that the Draft Final Act should take their interests into account, including those of the least developed countries. It was equally important for the Uruguay Round package to be evaluated from the point of view of developing countries as provided for in Part I, section G, of the Punta del Este Declaration.

287. He noted that the LDCs had consistently urged participants in the Round to ensure that the commitment in Part I, B (vii) was fully translated into specific elements of special and more favourable treatment for the least developed countries in the final outcome of the Uruguay Round. He informed the Board that his country, together with other LDCs, had recently conveyed to the Chairman of the Trade Negotiations Committee their outstanding concerns about the Draft Final Act. The communication, inter alia, emphasized that, as regards new issues, their development option should not be jeopardized through the establishment of arbitrary and short time frameworks in the outcome of the Round. He reiterated that, in the new areas, and indeed in other areas, LDCs should be accorded adequate special and more favourable treatment. The Final Act should ensure, among other things, that: (a) the LDCs would be totally exempted from all obligations, on a non-reciprocal basis, in the TRIMs agreement. The LDCs should be allowed to use TRIMs for the development of a domestic export base, for balance-of-payments reasons and to protect their infant industries as long as they remained LDCs, (b) as regards TRIPs, as long as a particular country did not cease to be least developed, it should be exempted from undertaking new obligations, and (c) in services, LDCs should not be required to make any initial commitments as a condition for acceding to the GATS.

288. The representative of Romania said that his country was among the 37 countries that had addressed a joint message to major trading nations calling for an early and successful conclusion of the Uruguay Round. He trusted that the message would be received favourably, and that outstanding problems would shortly be resolved in a sound and balanced manner. The Uruguay Round should contribute substantially to the liberalization of international trade and to an improved and extended multilateral trading system that would encompass clear rules and disciplines, and facilitate the development of new trade policies and the expansion of trade for all countries, including countries in transition to a market economy.

289. The representative of Mexico recalled that two years had expired since the date set in the Punta del Este Declaration for the completion of the Uruguay Round. World trade was being threatened by protectionism which was likely to increase in the absence of an early conclusion to the Round. Unless serious action was taken the situation would further deteriorate. He referred to the numerous appeals for an early conclusion to the Round, including the recent message sent by the President of Argentina on behalf of 37 countries, but noted that no concrete or positive response had been received from the major participants in the negotiations. He again urged those countries to assume their responsibilities and fulfil their role as leaders.

290. He recalled that the OECD had reminded the Board of the important gains that were being forgone as a consequence of the myopia of certain administrations. Certain governments had lost sight of the fact that the Round involved more than trade in agriculture, and overlooked the benefits to be obtained from the results of the Round by their producers of services, high technology, and pharmaceutical products, among others.

291. As Mexico had played a positive and constructive role in the negotiating process, cooperating in the formation of a consensus on various issues and making important concessions which largely benefited the strongest countries, it felt justified in reiterating its appeal to the major trading powers to

assume their responsibilities and pursue the discussions for a rapid and balanced conclusion of the Round and the reversal of the present protectionist trends in those countries.

292. The spokesman for the African Group (Egypt) noted that a thorough, open and positive exchange of views between all delegations could only be beneficial to all. Referring to the documentation, he stated that UNCTAD was competent to follow the developments in the Round within its mandate to review international trade issues that had a bearing on the development process.

293. He said that many of the third world countries, particularly in Africa, were concerned about the results of the Uruguay Round. It was important therefore to look carefully at the costs and benefits of the Round as it stood at present and evaluate the overall outcome in order to see whether the package met the objectives of the Punta del Este Declaration.

294. As the final results of the Round were not yet known it remained to be seen whether the market access commitments provided by the various trading partners would lead to meaningful improvements in market access for the products of export interest to developing countries.

295. He pointed out that market-oriented reforms in African countries had heightened the need for those countries to play an active part in multilateral trade negotiations aimed at increased trade liberalization and expansion of world trade under more effective and strengthened multilateral disciplines. An increasing number of African countries were indeed involved and it seemed to be the only way to ensure that the evolving multilateral trading system took due account of the weakest trading partners, particularly the LDCs.

296. Their interest was part of the growing recognition of the intrinsic link and complementarity between the success of structural adjustment and export opportunities or market access conditions affecting exports of interest to African countries, especially in the areas of agriculture, textiles, commodities and tropical products.

297. Emphasizing the increasing role of services in the development process of African and other developing countries, he said that it was very important that the outcome of the Uruguay Round as regards trade in services should contribute to the development of the African countries's economies, inter alia, through the GATS, specifically recognizing and promoting modes of delivery and all sectors of interest to those countries, maximum flexibility in the level of initial commitments in services, and the special concerns of the least developed countries.

298. Noting that, as weaker members of the trading community, his Group had always favoured strengthened rules and disciplines which promoted transparency and predictability and thus greater security in trade relations, he said that the Round had gone some way towards addressing that problem, especially in the application of safeguard measures, and the use of countervailing duties and anti-dumping measures. In that regard, he referred to the increasing threats faced by his Group from unilateral regulations and protective measures by major trading partners and doubted whether African countries had sufficient resources to take effective counter-measures.

299. Egypt, on behalf of the African countries, had informally presented a number of modifications in the areas of agriculture and TRIPs with the aim of redressing the balance in the Draft Final Act. He referred to an UNCTAD study and a number of other preliminary studies which had concluded that the African countries were going to be net losers as a whole.

300. He drew special attention to the fact that the Draft Final Act reflected only in a general manner, and in an annexed declaration, the effects of trade liberalization in agriculture on net-food-importing countries, without venturing to put forward concrete, tangible and compensatory measures to offset such negative effects, even if only to a partial extent.

301. With respect to TRIPs, he noted that it was the single area in the Draft Final Act where no consideration for any special and differential treatment had been given, other than a longer transitional period, to allow developing countries to comply with the provisions of the agreement. Yet, technological capacity-building through transfer of technology under favourable conditions remained crucial to promote their development efforts and, without it, trade liberalization would have little impact on the economic well-being of the developing countries. The obligations in the TRIPs agreement imposed serious constraints on the developing countries.

302. With regard to investment measures, he noted that, while multiple disciplines in an area where there were unequal partners were better than no rules at all from the point of view of the weaker party, the TRIMs agreement merely bound Governments without equivalent obligations on the part of private enterprises in order to control restrictive business practices that significantly distorted trade. The transitional period granted to developing countries was not sufficient to address development needs. Acknowledging that form, structure and machinery were yet to be negotiated, he said they had to conform with the basic objective set at Punta del Este. The conditions attached to MTO membership would alter the existing rights and obligations for GATT contracting parties, particularly in the case of small trading partners.

303. He hoped that, in the remaining period before the conclusion of the Round, the trading partners would take due account of the legitimate concerns of the African Group, which it was necessary to accommodate if the Uruguay Round was to achieve the long desired, balanced outcome.

Action by Sessional Committee I

304. At its closing meeting, on 26 March 1993, the Committee approved a "Message from the Trade and Development Board to the Governments participating in the Uruguay Round of Multilateral Trade Negotiations" (TD/B/39(2)/L.6), and recommended that the Board authorize its President to transmit the Message to the Chairman of the Trade Negotiations Committee of GATT for circulation as an official document to all Governments participating in the Round.

305. Also at its closing plenary, the Committee recommended that the Board transmit the "Report of the Chairman of Sessional Committee I on item 4 - Developments and issues in the Uruguay Round of particular concern to developing countries" (TD/B/39(2)/Misc.5) to the executive session of the Board on the subject of the Uruguay Round, which was scheduled to be held on 27 April 1993.

Action by the Board

306. The action by the Board on agenda item 4 is reported in part I above.

Chapter IV

REVIEW OF PROGRESS IN THE IMPLEMENTATION OF THE PROGRAMME OF ACTION FOR THE LEAST DEVELOPED COUNTRIES FOR THE 1990s

(Agenda item 5)

307. For its consideration of this item, the Board had before it the following documentation:

Least Developed Countries 1992 Report (TD/B/39(2)/10);

"The role of the GSP in improving LDCs' access to markets - Some recent developments: note by the UNCTAD secretariat" (TD/B/39(2)/CRP.7);

"Aspects of debt management in least developed countries: note by the UNCTAD secretariat" (TD/B/39(2)/CRP.8).

Consideration in the Special Sessional Committee

308. The Director of the Division for Least Developed, Land-locked and Island Developing Countries said that while the overall performance of the least developed countries continued to point to a bland stagnation, a disaggregated analysis of their development performance would clearly bring out the fact that a sizeable number of them had been registering significant rates of growth in the past few years. The basic impetus for the good performance of the countries concerned had come from a judicious combination of national policies and international support, as well as a relatively conducive external environment. The experience of those relatively successful countries needed to be contrasted with that of other LDCs, whose long-term performance ranged from stagnation to decline. Unless their conditions fundamentally improved, the overall performance of the LDCs as a whole would continue to be poor.

309. He noted that most LDCs had in recent years made substantial efforts to reorient their macro-economic and sectoral policies with a view to creating a favourable environment and sound basis for sustained growth and development. An important area of policy reform had been improving the efficiency of the mobilization and use of domestic resources, from both public and private sources. Deepening of reforms could be seen in the area of external sector policies as well.

310. Concerning external support measures, between 1990 and 1991, ODA flows from OECD countries had fallen from 0.09 per cent of their combined GNP to 0.08 per cent. The greater conditionalities attached to ODA and new claims on external financial resources might have adverse consequences for ODA flows to LDCs. In those circumstances, donors should take particular care to protect aid allocations to LDCs and consider additional specific policy initiatives in favour of those countries with a view to ensuring adequate external financial support in line with the commitments undertaken in the Programme of Action. He stressed that debt relief measures had not so far been adequate to decisively reduce LDCs' debt overhang. Enhanced efforts on the part of official creditors could make substantial debt reduction possible, as the bulk of LDCs' debt was owed to official creditors.

311. The process of trade liberalization and rule-making in the Uruguay Round of multilateral trade negotiations was of particular significance for future trading opportunities of LDCs. The major trading partners of LDCs should carefully examine the implications of a possible outcome of the Round for the external trade prospects of LDCs and explore further measures for inclusion in the final outcome in line with the Punta del Este Declaration and the Programme of Action.

312. He emphasized that, from a longer-term perspective, the development impasse of the LDCs was by no means irreversible. The demonstrated success of a sizeable number of LDCs in generating impressive economic gains attested to the validity of the assertion, eloquently expressed in the Paris Declaration, that the situation of LDCs could be improved if those countries and their partners combined their efforts in a spirit of solidarity. On the other hand, in the absence of active substantial and sustained international solidarity in their favour, the danger of collapse of the ongoing reform process in LDCs was a real one, with consequences reaching beyond the LDCs, such as social and economic destabilization, ecological deterioration and increased migration and population displacement.

313. The representative of Bangladesh, speaking on behalf of the least developed countries, said that the Least Developed Countries 1992 Report contained a good analysis of a number of important issues concerning the implementation of the Programme of Action. In future, the Report might contain a separate chapter on the role of the various United Nations agencies in the implementation of the Programme of Action and a chapter on structural adjustment and its implications for domestic resource mobilization, external resources, market access and external debt.

314. Given the commitments undertaken by donors in the Programme of Action, the LDCs felt deeply concerned when they found that in 1991 the ODA flows to the LDCs had declined to 0.08 per cent as compared to an average of 0.09 per cent during the 1980s - the decade which had come to be known as a lost decade of development for LDCs. Equally worrisome was the increasing competition for aid, with the emergence of new claimants for financial resources. He urged the LDCs' development partners to urgently step up their aid efforts in line with their commitments in the Programme of Action. At the same time, aid targets needed to be upwardly adjusted so as to cover LDCs' additional needs due to the enlargement of the list of LDCs. New conditionalities were being imposed on LDCs, and donor sympathy was needed in this regard, since the national priorities of LDCs should not be distorted.

315. The external debt of the LDCs continued to impose a very heavy burden on their economies and constituted a major hindrance to their efforts to adjust and reactivate their economies. At its current level, the stock of debt of LDCs represented nearly three quarters of their combined GNP. For 17 countries, the debt stock exceeded GDP. The debt relief measures from which LDCs currently benefited had proved insufficient to reduce debt servicing to a sustainable level. A substantial reduction of their debt burden would require more vigorous and enhanced measures by the international community. In addition to action on official bilateral debt, attention needed to be given to relief measures for both official multilateral debt and commercial debt.

316. Maximum advantage must be taken of the opportunity provided by the delay in the Uruguay Round to reflect constructively on the package negotiated so far, particularly as it affected LDCs, and to assess it in the light of the commitments made at Punta del Este in favour of LDCs and the developments in the world economy since then. The marginalization of LDCs in the trading system could only be reversed if the emerging trading rules guaranteed the special and differential treatment of LDCs.

317. UNCTAD and GATT should come together to organize and service a high-level group which should initiate a thorough review of the Draft Final Act and make recommendations for adjustments of the texts to ensure that the commitments envisaged in Punta del Este vis-à-vis LDCs were better captured in the final agreements that emerged.

318. Unlocking the process of growth and development and alleviating poverty were the foremost challenges to consolidating the process of reform. In that regard, supportive measures by development partners assumed particular significance.

319. He emphasized that the need for adequate follow-up and monitoring of the Programme of Action had been consistently and strongly stressed by the LDCs and their development partners as the key to its effective and timely implementation. The ongoing review of the secretariat structure had made the LDCs apprehensive about the possible adverse consequences for the Least Developed Countries Division. The LDCs felt strongly that the substantive capacity of the LDC Division must be fully preserved, and to that end, its overall level of resources, including those provided by the General Assembly at its forty-fifth session, its present visibility in the secretariat structure, and the current level of its leadership should be left intact. In addition, particular care should be taken to ensure that the Division was not merged with any other units of the secretariat.

320. With regard to sustainable development, few developing countries had the capacity to incorporate environmental programmes into their overall development efforts, and capacity-building in the LDCs was very important. Sustainable development would require a massive effort by the entire international community. It would be necessary first to reach consensus on how to proceed, and second to mobilize resources.

321. With regard to the mid-term review called for in the Programme of Action, General Assembly resolution 45/206 and the Cartagena Commitment, substantive negotiations should begin at once.

322. Speaking on behalf of his own country, he said that, in line with the Programme of Action, the Government of Bangladesh had undertaken a wide range of policy and institutional reforms to accelerate the socio-economic development of the country. Macro-economic reforms were being implemented to foster a favourable environment for sustained economic growth and long-term development of the economy. Special focus was being given to human resources development, participatory development, including increased participation of women, poverty alleviation and environmental protection. Necessary assistance was being provided to ensure a rapid development of the private sector, and trade policies were being steadily liberalized. Steady progress had been made in the implementation of the Financial Sector Reform Programmes.

323. The reform measures under implementation were quite complex and arduous. Those efforts might well be frustrated unless adequate and timely support was made available, including a significant increase in concessional resources, a reduction of the debt burden, enhanced trading opportunities, humanitarian and emergency assistance and transfer of technology.

324. The spokesman for the African Group (Sudan) said that the plight of LDCs in Africa continued to be a phenomenon of tragic proportions. World economic conditions and many domestic factors had seriously impeded the abilities of those countries to make their contributions to the process of implementation of the Programme of Action. Their real GDP growth rate had declined by 1.2 per cent in 1991 and was estimated to have declined by 0.9 per cent in 1992. Due to all those elements, with natural disasters and civil strife in some LDCs, the picture remained a gloomy one, unless drastic supportive measures were to be taken within the context of the Programme of Action. Another gravely worrisome aspect was the fact that many African LDCs had undertaken serious and bold economic adjustment programmes since 1990, and some even long before, often generating serious social tensions by imposing unacceptable burdens of adjustment on the population and in particular on those least able to adapt to the loss of purchasing power.

325. The severity of the external debt problem of all LDCs continued to frustrate and impede their adjustment efforts. The external debt of African LDCs had more than doubled during the period 1980-1990, from US$ 37.5 billion to 77.6 billion. While appreciating initiatives taken by certain creditor Governments to ease that burden, the African Group called for outright cancellation of those debts, since reschedulings had so far only managed to postpone and not solve the problem. The question of LDCs' multilateral debt was another serious impediment to their efforts, and further innovative solutions were called for in that area. He stressed that the sharp decline in external financial flows to LDCs was yet another cause for alarm. Reversing that decline had recently become all the more necessary in view of the increase in the number of LDCs to 47. The need for an upward adjustment of ODA, particularly in grant form, could not be overemphasized.

326. The African LDCs were very much concerned about the apparent ineffective coordination of other United Nations bodies with UNCTAD in the follow-up and monitoring of the implementation of the Programme of Action. He raised certain questions regarding the substantive preparations for the forthcoming mid-term review (1955), namely the conclusions of the Inter-Agency Consultations, the role of the regional commissions and the conclusions and contributions of round tables and consultative groups. In this regard, he underlined the need to lay a substantive foundation for the mid-term review. He also noted that the questions of peace-making, relief and development had come into sharp political focus in some African LDCs. The plight of refugees and displaced persons required joint responses from relief and development agencies. In that connection, a number of African LDC Governments had taken regional initiatives, for example on refugees and displaced persons in the Horn of Africa, in collaboration with the United Nations.

327. It was very discouraging to see LDC delegations unable to attend UNCTAD meetings because of financial constraints. He called for a modest trust fund or any institutionalized formula agreeable to development partners to allow for participation of LDC experts from capitals.

328. The LDCs' export earnings in the international commodity markets continued to fall due to the factors affecting the world commodity markets. Diversification would remain a theoretical choice unless certain structural changes were made in the international commodity markets, particularly on the demand side. More attention should be given to African LDCs in the operations of the second account of the Common Fund for Commodities, in line with the Fund's Agreement and objectives.

329. The African Group was highly appreciative of the Least Developed Countries 1992 Report, and the report should indeed continue to provide in-depth analysis of issues relating to LDCs, within the framework of the Programme of Action. Hope was expressed that the 1993 report would pay more attention to the impact of drought on African LDCs and how it related to their food security. The LDC Division in the UNCTAD secretariat, being the focal point for the review and monitoring of the implementation of the Programme of Action, should remain intact, and its current level of leadership should be maintained.

330. Finally, the time had come for a reactivation of some form of constructive political dialogue, at a decision-making level, on the progress made in the implementation of the Programme of Action among all parties concerned, with a view to enhancing its positive directions and overcoming those impediments in the way of its efficient implementation. He reiterated that the primary responsibility for their development lay with the LDCs themselves, but stressed that no tangible results could be achieved without adequate support from the international community.

331. The spokesman for the Asian Group (Nepal) said that the Programme of Action had imparted a sense of optimism concerning the fact that the LDCs, with the full support of their partners, might witness a reversal of their overall socio-economic decline and achieve accelerated growth and development during the 1990s. However, the prospects of recovery and growth of the LDCs as a whole had become less promising. The rate of GDP growth of the Asian and Pacific LDCs had dropped to a mere 0.9 per cent in 1991. That contrasted sharply with the recent development record of most other countries of the Asian region. However, it should be pointed out that such average growth figures for the Asian and Pacific LDCs, which had a population of 206 million or 40 per cent of the total population of all the LDCs, concealed substantial differences in individual country performances. The Asian and Pacific LDCs had accepted that they bore the primary responsibility for their development and accordingly had introduced far-reaching economic reforms covering a variety of areas. However, the anticipated benefits of many of the reforms were long-term in nature, and costs were often immediate, with the most vulnerable groups usually being particularly adversely affected. These reforms, therefore, could not be sustained without adequate support from the international community, in particular from donors.

332. However, the concessional loans and grants to LDCs in 1991 had actually decreased to $14.7 billion from 15.7 billion in 1990. In terms of donor GNP, ODA flows had fallen from 0.09 to 0.08 per cent in the same period. He urged the donor countries to make available a significant and substantial increase in external financial support, as envisaged in paragraph 20 of the Programme of Action, and requested them to take definite action towards meeting the aid targets contained in paragraph 23 of the Programme of Action. He emphasized

that the debt overhang continued to pose one of the main obstacles to the development of the least developed countries. High indebtedness had made economic growth with adjustment extremely difficult for those countries, while it also risked undermining their essential political commitment to reform. There was thus a need to strengthen international efforts to alleviate the debt burden of, as well as to increase concessional financing to, the least developed countries.

333. In the area of external trade, most least developed countries in the Asia and Pacific region had adopted far-reaching unilateral trade liberalization measures. Those measures ought to be matched by strong supportive action by their major trading partners. He drew the attention of the Committee to the fact that among the 13 LDCs in Asia and the Pacific, 4 were land-locked and 5 were island developing countries. The external sector performance and the development prospects of those countries were seriously hampered by their severe geographical handicaps. He urged donors to take into account those factors in their aid allocations with a view to providing special assistance to those countries to overcome their specific geographical handicaps.

334. He stressed the need for strengthened arrangements for follow-up and monitoring of the implementation of the Programme of Action. He expressed appreciation for the excellent contribution made by the Least Developed Countries Division, and in respect of its substantive capacity, level of resources and leadership and visibility within UNCTAD, the Division should not be affected by the restructuring of the UNCTAD secretariat.

335. The representative of Denmark, speaking on behalf of the European Community and its Member States, commended the UNCTAD secretariat for the comprehensive Least Developed Countries, 1992 Report. The Report would be of value not only for the Board but also for anyone engaged in development cooperation and policy-making. She emphasized that the particular problems of the LDCs should be addressed whenever they were relevant to the issues on the agenda of the Board or of its subsidiary bodies. Likewise the participation of experts from the LDCs needed to be stimulated. Within the context of policy dialogue and aid coordination, round-table consultations constituted an important element which Governments should make full use of and in which UNCTAD should participate, the aim of the consultations being to place further emphasis on the LDCs' long-term development needs. The European PrepCom for the Population Conference, to be held in 1994, would be of added relevance in terms of addressing the question of the continued population growth in the LDCs.

336. All countries bore the main responsibility for their own development, and in this context political and economic reform was of importance. She further highlighted the importance of the social and educational fields, good governance, respect for human rights, pluralistic democracy based on popular consent and participation, and the accountability of Governments, together with an enabling economic environment, which formed basic elements of the path to development. Similarly, she noted that domestic resource mobilization was a central element in the development process, as well as the creation of a favourable climate for the private sector, which in due time would result in an increased mobilization of resources for further investment. Likewise, the prospects of receiving foreign direct investment, and the transfer of technology that it could bring about, were intimately linked to the

profitability of the business opportunities offered. Access to financial services for small-scale businesses and industries was also important. Other important areas included well-designed trade reforms, including improvements in the efficiency of trade transactions, and the removal or decrease of export and import taxes and levies. The latter often had an effect on the volume of government revenue, and the question of strengthening the use of revenue-generating mechanisms such as income tax, taxes on property, wealth and sales taxes would hence need to be addressed.

337. She reiterated the commitment of the European Community and its member States to assist the 47 countries on the list of least developed countries and stated that, in 1991, the European Community and its Member States had provided more than half of total DAC ODA to the LDCs. The debt burden of the LDCs was a real and immense constraint on their development efforts, and the Community and its member States supported the LDCs' development efforts through a major alleviation of their debt obligations within the framework of the Paris Club. The Community welcomed the implementation of the concessional Trinidad Terms and would continue to push for further improvements in the debt arrangements for the poorest and most indebted countries.

338. The representative of China, commending the Least Developed Countries 1992 Report, said that it provided positive guidelines to help to resolve the LDCs' problems, and the Board's review would further promote the effective implementation of the Programme of Action. Three years had passed since the Paris Conference, and during that time six more countries had been added to the LDC list. Prospects for the LDCs continued to be gloomy due to external and domestic difficulties. Per capita income showed no improvement, prices of major export items of LDCs had further declined, and access to markets, especially the markets of developed countries, had become increasingly difficult. Their debt situation remained serious. ODA to LDCs, which was subject to increasingly harsh political conditions, had stagnated, and the ratio of ODA to donors' GDP had fallen from 0.09 per cent in the 1980s to 0.08 per cent since the Paris Conference in 1990. UNCTAD VIII had reaffirmed that in view of the addition of six countries to the LDC list, external aid to these countries should be substantially increased.

339. The first part of the thirty-ninth session of the Trade and Development Board had decided that the following special issues should be reviewed in depth by the Board at the second part of its thirty-ninth session:
(a) domestic and external resource mobilization, including debt situation and management; (b) improving trading opportunities. It had also decided to consider the question of the effects which the addition of new countries to the LDC list would have on the additional resource requirements of the LDC group as a whole at the current session. He hoped that the Board at its current session would give serious and positive consideration to those issues and achieve encouraging results. The international community, and the developed countries in particular, should implement their pledges to provide LDCs with a favourable external environment to enhance their development projects and make positive contributions.

340. China had long been providing economic and technical assistance to the LDCs. In the first two years of its ongoing development programme, China had implemented 530 projects in developing countries, most of the recipients being LDCs. China had also improved its aid modalities so that its assistance could be used in a more flexible and relevant manner.

341. The representative of the World Bank said that the UNCTAD secretariat was playing a unique role in heightening awareness in the international community of the special problems facing least developed countries and in helping implement the Programme of Action for the Least Developed Countries. He particularly welcomed the analysis and insights on LDCs presented in the Least Developed Countries 1992 Report. He endorsed the Secretary-General's stress on adequate external financing in support of the reform process under way in many LDCs.

342. His institution continued to intensify its broad array of activities designed to help borrowers more effectively confront their poverty reduction challenges along two key dimensions: first, by explicitly incorporating poverty reduction objectives into the Bank's country assistance strategies; and second, by increasing lending which concentrated on broad-based labour-intensive growth, providing the poor with access to physical infrastructure and basic social services, and eliminating policy distortions that adversely affected the interests of the poor. In addition, greater support was being given to the design and establishment of safety nets to protect the most vulnerable members of society during adjustment and/or transitional phases of lending operations. The Bank was also moving vigorously to implement its recently approved strategy for the reduction of poverty. There had been a substantial five-fold increase in bank lending for human resources development - from 5 per cent of World Bank/IDA lending in FY 1981-1983 to 14 per cent in FY 1990-1992. There had also been a rapid increase in lending specifically targeted to the poor. Given the strong poverty focus of the Bank's work, assistance to low-income countries but particularly LDCs was now a priority commitment for the Bank. In this connection, since fiscal year 1981, IDA had committed $21.2 billion to LDCs.

343. He briefly highlighted a number of initiatives of special interest to LDCs, including the African Capacity Building Initiatives, the Special Programme of Agricultural Services, and the Social Dimensions of Adjustment. The tenth replenishment of the International Development Association (IDA), the negotiations on which had been successfully completed in December 1992, projected resources during FY 1994-1996 of about SDR 16 billion or US$ 22 billion. Donors had stressed the need to focus IDA funding on poverty reduction, to integrate environmental sustainability into the development programmes which IDA supported, to underline this theme in country-assistance strategies, and to ensure that borrowers demonstrated a greater sense of ownership of projects while involving beneficiaries more fully in project design and implementation.

344. The representative of the United States of America said that the Least Developed Countries 1992 Report was a major attempt to help in identifying and clarifying some of the difficulties faced by the least developed countries. Those difficulties related, inter alia, to population growth rates, productivity, education, diversification, general economic policies, indebtedness and loss of agriculture. She applauded the secretariat for putting first the problem of population, which was indeed one of the main reasons for slow development faced by the LDCs. She offered figures showing a rapid rise in the global population, and said that between now and the year 2025, about 95 per cent of all global population growth would take place in the developing world, with much of it in the least developed countries. She pointed out that a careful reading of the tables in the annex to the report revealed that over half of the LDCs showed average GDP growth rates of 2.5 per cent or more per year for the period 1985-1990, a better performance than during the period 1980-1985, and respectable growth rates by any standard. The difficulty, of course, was that per capita growth rates told a wholly different story, the story of countries struggling to stay even with population growth rates, and sadly, in many cases, not succeeding. The rise in population was being accompanied by a strong movement away from agriculture, leading to urbanization and megacities, which would become centres of poverty and social collapse. It was a source of concern that as recently as 1990, 24 of the 47 least developed countries had had no direct policies to intervene to lower population growth rates, 4 had been trying to raise their growth rates, and 2 had been maintaining existing rates. Besides population increases, other major problems included, inter alia, diminution of grazing lands and food supplies, the burden of indebtedness, the decay of infrastructure, the reduction of spending on health care and education, the residual strength of some traditional cultures which did not offer equal opportunities to all citizens, especially to women, and the powerful hold of corrupt bureaucracies and ethnic loyalties. Too often in the LDCs, agriculture had been neglected while bureaucracies had flourished. The disappearance of agricultural surpluses, especially in Africa, and the inattention to manufacturing for export were costing those economies dearly.

345. She provided a comprehensive review of recent measures undertaken by the United States to reduce ODA debt, as well as to reschedule debt service in the framework of the Paris Club. Since FY 1990, the United States Government had reduced bilateral official debt by US$ 12.1 billion for countries undertaking economic reforms. As regards LDCs, concessional aid and P.L. 480 debt totalling more than US$ 2.6 billion had been forgiven for 22 LDCs. Under the Enterprise for the Americas Initiative, seven countries had received concessional debt reduction totalling US$ 875 million. The United States Government had also forgiven approximately US$ 920 million of ODA debt owed by LDCs. She emphasized that her Government required that a country should undertake a sound economic reform programme to be eligible for United States bilateral debt reduction or Paris Club debt rescheduling. Furthermore, her Government followed a case-by-case approach to debt relief. She added that, for the poorest countries, the Paris Club currently provided Enhanced Toronto Terms, and for the lower middle-income countries, the Paris Club provided "Houston Terms" with generous rescheduling terms.

346. The representative of Ethiopia said that his delegation was deeply concerned by the fact that the economic performance in most of the least developed countries was below expectations in the 1990s despite the serious efforts made by those countries to carry out political and economic reforms. He urged the LDCs' development partners to significantly increase their efforts to reach the ODA targets of the Programme of Action, while making the necessary arrangements to take into account the needs of those countries newly added to the list of LDCs.

347. Development partners should take urgent measures to reduce the debt stock and debt-servicing burden of LDCs, including debt due to multilateral financial institutions, in line with the provision of the Programme of Action and recent initiatives for alleviating LDCs' external debt. The LDCs should be offered unrestricted market access and opportunities to strengthen their services sector and should be supported in their efforts towards diversification and technological progress.

348. Highlighting the prevailing political and economic situation in Ethiopia, he said that, since the establishment of a broad-based Transitional Government in 1991, Ethiopia had been undergoing a democratization process. The Transitional Period charter had been adopted, which proclaimed respect for human rights and fundamental freedoms and thus provided wider opportunities for different political views to find free expression. The Ministry of Planning and Economic Development had recently set out a detailed plan for economic reform. That new programme contained several initiatives designed to boost the economy, central among which was the use of market mechanism to determine prices, thus encouraging competition.

349. The representative of Norway, speaking on behalf of the Nordic Countries, said that the Least Developed Countries 1992 Report covered the chosen topics rather well, though it should have been made available much earlier to allow more through preparation by delegations. Five broad conclusions emerged from the report. Firstly, many LDCs were caught up in a process of continued economic marginalization, declining per capita income and rapid population growth. Secondly, internal stability, sound economic policies and good governance had contributed to the better performance of a handful of LDCs. That illustrated the point made by the UNCTAD secretariat that LDCs had the capacity for growth and development and to sustain it. Thirdly, unless problems of governance were overcome, countries plagued by economic malaise and social and political turmoil would not be able to return to sustainable growth. There was a need for international support, but most of the changes would have to come from within. Fourthly, there was room for improved domestic resource mobilization, and fifthly, the external resource requirements were not only massive but also on the rise.

350. He noted that, though trade taxes might be affected by liberalization and declining commodity prices, taxes on income, property and wealth, sales and excise taxes, household and foreign savings, and repatriation of flight capital were important for mobilization of domestic resources, and LDCs had to focus more on supply-side revenue generation. However, financing gaps that domestic resource mobilization left in the short- and medium-term in many LDCs needed to be filled by external support. The Nordic countries were concerned with the stagnation in ODA for the LDCs, and the trend whereby LDCs were benefiting less than other developing countries from recent increases in ODA

needed to be reversed. Despite budgetary difficulties, the donor community should increase ODA to LDCs in line with the Programme of Action and the Cartagena Commitment. The addition of six new countries to the LDCs list added to the need for increased assistance; the Nordic countries were in principle in favour of an upward adjustment of the aid targets, and the 1995 mid-term review would be an appropriate forum for that. He urged the donor countries to narrow the gap between ODA performance and the existing targets, and corrective measures should also be taken to improve the quality of aid, including technical co-operation, to ensure that it resulted in building up human skills and domestic self-sustained institutional capacity. He welcomed the fact that LDCs increasingly sought to take advantage of the opportunities provided by consultative groups and round tables and saw no valid reason to significantly alter the basic functioning of the country review process. He stressed the importance of recipient country commitment to aid conditionalities and "ownership" of reform programmes.

351. The debt overhang implied a heavy tax on economic reforms in the LDCs, and for most of the LDCs current debt relief measures fell far short of what was actually needed. The Nordic countries reiterated their proposal for an 80 per cent write-off of the debt stock of those countries which put in place economic and development policies justifying such large-scale debt relief. It was regrettable that the well known position of the Nordic countries had been left out of the otherwise very informative debt relief simulations in the report.

352. Referring to UNCTAD as a centre of excellence on LDC issues, he said that delegates, experts from capitals and the secretariat should ensure that LDC issues, which were cross-sectoral in nature, permeated UNCTAD's work wherever relevant. Moreover, in addition to reporting to the General Assembly, the UNCTAD secretariat should ensure that the valuable work done by the LDC Division found its way to New York and elsewhere in the United Nations system, so as to feed into operational activities.

353. The representative of Canada said that the basic thrust of the Secretary-General's overview of the world economic situation in the Least Developed Countries 1992 Report was sound. He particularly expressed appreciation for the differentiation that had been made in respect of the levels of development in different countries and regions within the developing world.

354. The stagnation of LDC economies had coincided with a deep and sustained recession in industrialized countries, and this recession had no doubt resulted in the reduction of financial flows to the LDCs. However, net transfers had remained positive in recent years for South Asia, the Middle East and sub-Saharan Africa.

355. He stressed that it was impossible to talk about the future of the LDCs, or indeed of the rest of the trading world, without acknowledging the critical importance of a speedy conclusion to the Uruguay Round of multilateral trade negotiations. A successful conclusion to the Uruguay Round would also validate the economic policies that many LDCs had undertaken, not least of all by increasing and providing a measure of security for their exports.

356. Concerning LDCs' external debt, Canada was committed to the extension of the Trinidad Terms on a case-by-case basis to selected lower-middle-income countries. The "stock of debt" approach continued to be the most effective method for addressing the debt overhang of the poorest countries. He cautioned, however, that at this point an international consensus on debt forgiveness would be most difficult to achieve.

357. Providing a brief update on Canada's international assistance programme, he said that Canada currently had development programmes in all but one of the countries listed in the United Nations 1990 list of least developed countries. Of the countries recently added to the list, it had small programmes in four.

358. Finally, Canada viewed commitments on the part of developing countries to the principles of good governance, democratic development and human rights as a part of "good development", creating the best possible conditions for the effective use of scarce aid resources.

359. The representative of the United Republic of Tanzania, reviewing the socio-economic performance of the LDCs, external resource flows and external debt since the adoption of the Programme of Action, said that, since the LDCs were undertaking vigorous and determined efforts at political and economic reform and adjustment, the international community should provide complementary and supplementary support on a timely and effective basis. The Special Sessional Committee should in particular discuss the question of trading opportunities for LDCs, taking into account their limited capacity to expand their trade and their inability to diversify their economies.

360. He noted that the performance of his country's economy had been encouraging but was far from attaining sustainable growth and development. Gross domestic product (GDP) had grown at an average rate of 3.5 per cent between 1989 and 1992, while the inflation rate had declined from 28 per cent in July 1989 to about 22 per cent or below by the end of 1992. However, that was still high compared to the targeted rate of 10 per cent. The balance of payments had remained under strain due to the deterioration of the external terms of trade. Prices of major export commodities such as coffee, cotton and other agricultural products had fallen by 50 per cent, against an increase of 8 to 10 per cent in export volume.

361. Through the Paris Club, some of the United Republic of Tanzania's external debt had been cancelled, but most of the debt had been rescheduled, and larger repayments of previously rescheduled debt had now begun to fall due. In order to maintain an adequate level of foreign exchange reserves beyond 1993/1994, the financing gap would have to remain, requiring provision of exceptional balance-of-payments assistance.

362. While his Government appreciated the contribution made by bilateral and multilateral donors in the implementation of recovery programmes, there was still much left to be desired in terms of time, effectiveness and adequacy of external assistance.

363. The representative of Japan said that, in 1991, Japan's bilateral ODA to the least developed countries had totalled nearly US$ 1 billion, a more than threefold increase over 1981 when the SNPA for the LDCs for the 1980s had been adopted. Japan had worked faithfully to expand its grant aid to the least

developed countries, and the ratio of grant aid to bilateral ODA to the LDCs in 1991 had stood at 80.6 per cent, compared with 54 per cent in 1981. The Government of Japan had set its Fourth Medium-Term Target in June 1988, aiming at increasing the aggregate amount of ODA during the period of 1988 to 1992 to more than US$ 50 billion, more than double the aggregate volume of ODA disbursed in the years 1983 to 1987. The Fourth Medium-Term Target clearly stated that the share of grant aid in ODA to LDCs would be further increased. As part of its grant aid activities, Japan had provided a good number of least developed countries with grants in amounts equal to the total principle and interest of loans to these countries. At the Toronto Summit, Japan had announced that from fiscal year 1989 onwards, the scope of its debt relief to LDCs, which had previously applied to ODA loan agreements concluded up to fiscal year 1977, would be expanded to include agreements concluded with Japan between fiscal years 1978 and 1987. Debt relief had been made available for an additional US$ 5.5 billion.

364. Another type of assistance was non-project grant aid for structural adjustment support. During the three years from fiscal year 1987 to 1989, Japan had provided assistance of this kind totalling approximately US$ 500 million to 26 African countries. It was now implementing the second phase of such assistance with the provision of approximately US$ 600 million over a three-year period starting in fiscal year 1990. His country would continue its efforts to expand aid flows to LDCs during the 1990s, in accordance with its commitment at the Paris Conference in 1990.

365. The representative of Nepal said that ODA flows to the LDCs had fallen from 0.09 per cent of the combined GNP of OECD countries in 1989 and 1990 to 0.08 per cent in 1991. He called for the full support of development partners in taking appropriate actions to reach the ODA targets of the Programme of Action. Debt service payments by the LDCs amounted to almost 22 per cent of their export earnings, and the severity of their external indebtedness was likely to adversely affect their development efforts. The land-locked least developed countries continued to face serious problems aggravated by high operating costs of transit transport, remoteness and isolation from world markets, and he called for the implementation of General Assembly resolution 46/212 of 20 December 1991 by all concerned. He thanked the UNCTAD secretariat for organizing a meeting in May 1993 on issues related to the land-locked countries.

366. With regard to its recent efforts towards the creation of a more liberal and competitive economic environment, his country had experienced a period of political stability since the election of the new democratic Government in May 1991. That, and the improved external environment induced by the economic reforms in the region, had promoted a resumption of policy reforms in Nepal. The Government had taken bold initiatives to restore growth through market-oriented policies aimed at enhancing more private sector participation and improving the efficiency of the public sector. Major policy initiatives had comprised: (i) full convertibility of the rupee as from February 1993; (ii) new trade, industry and foreign investment policies; and (iii) progress in improving public sector management, including a civil service retrenchment programme, containment of total wage growth, initiatives to prioritize development expenditures, and privatization of some public sector enterprises. He noted that the economic performance of 1992 in Nepal had been mixed. Despite the satisfactory performance of the non-agricultural sector, which had

grown by 7 per cent, GDP growth had declined to about 3 per cent in 1991-1992, from 5.5 per cent in 1990-1991. The Government had recently embarked on an economic programme for the period 1992/93-1994/95. The programme aimed at: (i) containing inflation; (ii) reducing public sector borrowing; and (iii) reducing external imbalances. Output growth was targeted to average about 4.5 per cent annually, compared with 3.7 per cent in the preceding three-year period.

367. The representative of Liberia said that serious measures should be put in place to ensure the availability of adequately trained personnel prepared to participate fully in development-oriented projects designed to improve the living condition of the most needy within the urban and rural population in the LDCs. The ongoing scourge of war, hunger and mass displacement of large population groups in a number of LDCs, many of whom had become wards of relief agencies and the international community, had caused revulsion around the globe. The irony of the situation was that, whilst relief agencies and people of good will struggled to grapple with such unpleasant phenomena, considerable evidence continued to point at what could only be categorized as an alliance between local war lords and a well organized group of so-called entrepreneurs operating within the borders of some development' partners. Those developments unfortunately made a mockery of ongoing assistance programmes to the LDCs concerned. The international community concerned with the plight of the LDCs could not remain indifferent to those and other worrisome problems. He hoped that once the civil conflict was over in his country, democracy would be restored with the help of the international community.

368. The representative of Mozambique said that the success of efforts of LDCs should be fully complemented by their development partners, through the provision of ODA, debt relief and favourable terms of trade and assistance to overcome the consequences of unforeseen external economic shocks and natural disasters and calamities. Mozambique had launched, in January 1987, a far-reaching social and economic rehabilitation programme. In view of the complex nature of the economic distortions and imbalances facing the country, the reform programme had necessarily been drawn up from a long-term perspective.

369. Referring to his country's economic performance, he said that GDP growth had fallen from 5.4 per cent per annum on average in 1987-1989 to only 0.8 per cent per annum in 1990-1992. That decline was mainly attributable to the lack of security in Mozambique and its severe consequences on agricultural production, drought and a decline in non-food external aid in 1991-1992. The implementation of the General Peace Agreement of October 1992 between the President of the Republic and Renamo posed new and enormous challenges and required resources that were beyond the capacity of the Government.

370. The question of LDCs should continue to be a priority topic in all international forums and more vigorous action was necessary to decisively reduce the debt stock and debt service burdens of the LDCs, as the present mechanisms had proved to be inadequate in reducing the debt of these countries.

371. The observer for Cambodia said that, for political and historical reasons, the Cambodian people had lost 20 years of progress, while around them were to be found some of the fastest growing nations. Cambodia was now undertaking the rehabilitation of its shattered economy, and it might in the near future be on the road towards reconstruction and development.

372. Substantial support from development partners should be provided to the LDCs without preconditions at the preliminary stage. He cited ODA provided by the Nordic countries as the best example. The LDCs would have to actively reorient their macro-economic and sectoral policies with a view to creating a favourable environment and a sound basis for sustained growth and development. Since 1992, the Cambodian authorities had been implementing a series of economic measures aimed at stabilizing the economy and ensuring a stable environment for the general elections to be held in May 1993.

373. Cambodia was facing new challenges. It must resettle some 700,000 refugees, internally displaced persons and demobilized soldiers, and it must deal with the aftermath of 20 years of warfare. Although Cambodia was already deeply involved in the process of democratization and economic liberalization and had gone beyond the "point of no return" two or three years earlier, ODA and multilateral assistance were not flowing into Cambodia at the required pace and level due to adverse internal and external factors. He recalled that, in June 1992, a Conference on Rehabilitation and Reconstruction of Cambodia had been held in Tokyo. Participants in the Conference had pledged some $800 million to be disbursed before the end of 1993. However, objections by certain Cambodian factions had jeopardized the disbursement of those resources. On the donors' side, several reasons, both objective and subjective, had been invoked to justify the slow disbursement of aid. Conditionalities attached to external assistance were necessary for sustained development but should be implemented on a case-by-case and step-by-step basis, with strong emphasis on better understanding between LDCs and their development partners, as well as more real efforts from the latter to help but not distort the pace of development of the LDCs. Germany had written off Cambodia's debt, and he urged all other development partners to follow that example.

Action by the Special Sessional Committee

374. At the closing meeting, on 25 March 1993, the Special Sessional Committee approved the draft agreed conclusions contained in document TD/B/39(2)/SSC/L.2.

Closing statement

375. The spokesman for the African Group on LDC issues said that, during the Special Sessional Committee's deliberations, there had been a clear demonstration of goodwill towards LDCs. However, the Committee's collective resolve had not been fully reflected in the final outcome of its work in the area of external debt. It would have been desirable for the understanding on the part of LDCs' development partners of the severity of the LDCs' debt problem to be translated into clear action-oriented language. The oppressive nature of the debt problem for the LDCs' development process had been recognized by all, but that recognition was not reflected in the agreed conclusions. The LDCs would continue to call for a debt stock approach and

for cancellation and innovative approaches to the relief of multilateral debt, while expressing appreciation to those countries which had taken bold bilateral debt relief initiatives for LDCs.

376. The LDCs were also concerned about the participation of LDC delegations from capitals in the Trade and Development Board review sessions on the Paris Programme of Action, as well as in other subsidiary bodies of the Board. They were disappointed that their constructive call for support to allow LDC delegations from capitals to participate had not been taken too seriously by their development partners. The Cartagena Commitment had not been meant to marginalize LDCs, and they therefore reiterated their call for support.

Action taken by the Board

377. The action taken by the Board on agenda item 5 is reported in part I above.

Chapter V

UNCTAD'S CONTRIBUTION TO THE IMPLEMENTATION OF THE UNITED NATIONS NEW AGENDA FOR THE DEVELOPMENT OF AFRICA IN THE 1990s: (a) REVIEW OF UNCTAD TECHNICAL COOPERATION ACTIVITIES IN AFRICA; (b) REGIONAL INTEGRATION ISSUES

(Agenda item 6)

378. For its consideration of this item, the Board had before it the following documentation:

"Regional integration issues in Africa: report by the Secretary-General of UNCTAD" (TD/B/39(2)/11);

"Review of UNCTAD's technical cooperation activities in Africa: report by the Secretary-General of UNCTAD" (TD/B/39(2)/12).

Consideration in Sessional Committee II

379. The Director of the Africa Task Force Unit said that UNCTAD's contribution to the implementation of the New Agenda for the Development of Africa in the 1990s involved actions at three levels. First, UNCTAD VIII, in response to the General Assembly's request to Governments and the United Nations system to support the implementation of the New Agenda, had requested that the subject be considered at one of the two annual sessions of the Trade and Development Board, and the Board had since decided to use its spring sessions for this purpose.

380. Second, the Board, at the first part of its thirty-ninth session, had adopted a decision outlining a number of activities to be undertaken by UNCTAD. The core activity would consist of Africa-specific studies, analyses and reports on various issues for consideration by the Board. The two reports before the Board had been prepared pursuant to that decision. In addition, other elements of UNCTAD's newly established intergovernmental machinery would be expected to take due account of the special problems of Africa in the areas within their purview.

381. Third, the UNCTAD secretariat would continue to contribute to inter-agency activities relating to the implementation of the New Agenda. It maintained close working relations with the ECA and OAU secretariats. It was also a member of the United Nations Inter-agency Task Force on the implementation of the New Agenda, one of whose principal functions was to provide substantive analytical inputs and assessments for periodic reports by the Secretary-General of the United Nations on the follow-up, monitoring and evaluation of the implementation of the New Agenda. The UNCTAD secretariat was also likely to be requested from time to time to provide substantive briefs for the United Nations Secretary-General's Panel of High-level Personalities on African Development, as well as participate in meetings of the ECA, OAU and Global Coalition for Africa and contribute to their substantive work as might be required.

382. Document TD/B/39(2)/11 described some of the reasons for the slow progress of regional cooperation initiatives in Africa, and drew on the experiences of the European Community to illustrate some of the problems faced in establishing an economic community which could be of relevance to the African process. Some of the emerging developments which could influence the African process were also highlighted, especially the signing of the Treaty establishing the African Economic Community, the eventual emergence in future of a non-racist South Africa, and the growing interest of Africa's development partners in regional cooperation and integration as an important complement to overall development efforts. Achieving a fully integrated regional economy and common market would require the unwavering support and determination of African countries themselves. However, the international community and its organs could also make a contribution through assistance and advice.

383. Document TD/B/39(2)/12 described some of UNCTAD's main technical cooperation activities, and suggested some areas for greater attention and new initiatives in Africa, especially structural adjustment programmes, regional integration issues, development of transport and communications infrastructures, diversification of production and trade, foreign investment, support for the private sector and related institutional and human resources development programmes. Such assistance could be more wholesome and beneficial if it was provided on an inter-agency basis, made greater use of African consultants, and was supported with adequate technical assistance resources.

384. The spokesman for the African Group (Nigeria) said that, while the activities so far undertaken by UNCTAD in connection with the New Agenda had been diverse and encouraging, there was need for greater selectivity, which could be achieved on the basis of areas identified in document TD/B/39(2)/12 as needing greater focus and attention. There was also need for careful targeting of technical assistance to African countries' specific development needs, particularly through increasing African participation in the determination of their technical assistance requirements, either on their own or through technical assistance needs appraisal with the UNCTAD secretariat.

385. In view of the very useful work of the African MTN project in connection with the Uruguay Round, the African countries noted with concern the observation in document TD/B/39(2)/12 that the activities of this project were declining. It was obvious that the African MTN project would continue to play an important role, in particular in the follow-up actions in the post-Uruguay Round era.

386. In the area of commodities, the African countries would welcome, in particular, strong support for the diversification of production and trade, as well as the interesting proposal for technical cooperation in the North African subregion's mineral sector under the fifth UNDP inter-country programme for Africa (1992-1996). A positive outcome in this area should contribute to a similar exercise in other subregions.

387. In the area of implementation of structural adjustment programmes, the various setbacks encountered and resulting social and political tensions had brought to light the need for intensified research and technical assistance support in this area by UNCTAD with a view to advising Governments on the most workable and realistic policy options and ways of implementing them.

388. As regards human resources development, additional technical assistance by UNCTAD to African countries would facilitate the task of the design and implementation of efficient policies. In this regard, greater use of African experts or consultants was a prerequisite. The African countries urged the UNCTAD secretariat to consider this proposal seriously.

389. With respect to regional cooperation, the shortcomings which had impeded cooperation were also affecting the programmes and targets envisaged for the African Economic Community, whose realization would greatly enhance regional integration in Africa. The orientations on this subject in document TD/B/39(2)/11 provided useful guidelines for addressing these shortcomings.

390. In connection with international assistance, he noted with appreciation the growing interest of Africa's development partners in Africa's regional integration efforts, and it was to be hoped that this interest would be translated into strong practical support. In this connection also, he expressed interest in the preparations for the proposed Tokyo Conference on African Development, and appreciation for its sponsorship by the Government of Japan. The UNCTAD secretariat should be fully associated with the said conference and report on it to the next session of the Board.

391. Finally, he expressed concern over the inadequate level of staffing of the African Task Force Unit within the UNCTAD secretariat, which was responsible for coordinating, monitoring and following up UNCTAD's contribution to the implementation of the New Agenda for Africa. The level of staffing within this unit should be improved and its activities coordinated with other areas dealing with issues of particular concern to African countries.

392. The representative of Egypt said that socio-economic conditions continued to deteriorate in African countries, especially in the LDCs, despite the implementation of economic recovery programmes. Setbacks included widening balance-of-payment deficits and financing gaps, falling commodity export prices, declining productivity and rising population growth, all of which had led to negative per capita growth rates.

393. Against the background of declining socio-economic conditions, the United Nations New Agenda for the Development of Africa in the 1990s held some hope for strengthened international support for structural adjustment and economic reforms aimed at enhancing African integration, diversification and economic growth. While the African countries were primarily responsible for their development processes, the international community, through the implementation of the New Agenda, could make an important contribution.

394. The African countries had announced and reiterated their support for regional cooperation in various declarations such as the Kinshasa Declaration of 1976, the Monrovia Declaration of 1979 and the Lagos Plan of Action of 1980. Moreover, the signing in Abuja (Nigeria) of the Treaty establishing the

African Economic Community had reaffirmed African countries' support for regional cooperation. This Treaty envisaged the creation of the regional community in six stages, beginning with the strengthening of subregional groupings and leading to the formation of a regional customs union and common market.

395. African countries had acquired a great deal of experience in the promotion of economic development, and had been striving to work to that end, including through mutual cooperation. The Egyptian Fund for Africa, for example, had made possible the provision of Egyptian experts to render assistance to other African countries in all sectors of development. Despite their development efforts, however, African countries still needed support from the international community; hence the importance of the New Agenda, the technical assistance activities of UNCTAD, and the need to continue to look into ways and means of freeing resources from military expenditures and channelling them into productive uses.

396. The representative of Kenya said that the question of Africa's development in the 1990s had to be addressed both from within the African continent by African countries and from outside by the international community. A number of important factors had to be taken into account in this connection.

397. The different levels of development of African countries needed to be properly and adequately addressed before the goal of a regional common market could be achieved. In this connection, the orientations suggested in document TD/B/39(2)/11 were most useful and deserved the support of the Trade and Development Board.

398. Technical assistance was essential to support the development of mechanisms at the national, subregional, regional and global levels for regional integration. Proposals along this line contained in document TD/B/39(2)/12 merited support. Africa's needs were special, given that it had the largest number of LDCs, its development problems necessitated considerable assistance, and African countries had been experiencing heavy burdens in connection with the implementation of sectoral adjustment programmes.

399. Great importance was also attached to efforts made to strengthen human resources development and consequently the national capacities of African countries to deal with developmental problems. One way in which this goal could be promoted was through the utilization of African experts and consultants in technical cooperation activities.

400. There was a need to develop closer and more collaborative relationships between UNCTAD and the Global Coalition for Africa. The latter had taken many initiatives for Africa that should be recognized and reported upon.

401. Regarding international support, the initiative of the Government of Japan in agreeing to host a Conference on African Development in Tokyo in the autumn of 1993 was commendable. UNCTAD should be closely associated with the preparation and outcome of that Conference. With respect to assistance in general, adequate financial resources were necessary and should be provided on a predictable and assured basis.

402. Lastly, he called for a strengthening of the unit in UNCTAD for overseeing UNCTAD's contribution to the New Agenda for Africa.

403. The representative of Ethiopia recalled that the Final Review and Appraisal of the implementation of the United Nations Programme of Action for African Economic Recovery and Development (UN-PAAERD) had concluded that the conditions which had led to the adoption of UN-PAAERD still prevailed in the 1990s. Africa's overall socio-economic conditions had deteriorated, the total number of LDCs had increased, the debt burden had worsened and external resource flows had stagnated.

404. It was the recognition by the international community of the continuing acute problems of Africa that had led to the adoption of the United Nations New Agenda for the Development of Africa in the 1990s in General Assembly resolution 46/151. This resolution requested Governments, organs, organizations and bodies of the United Nations system to take appropriate measures to implement the commitments contained in the New Agenda. The New Agenda itself, together with paragraph 66 of the Cartagena Commitment of UNCTAD VIII, should guide UNCTAD's intergovernmental machinery work on action-oriented contributions to the implementation of the New Agenda.

405. The implementation of the New Agenda, whose success hinged, inter alia, on a positive response from the international community, could make an important contribution to addressing Africa's development problems. Another important condition was the building of a strong regional economy through closer regional cooperation and integration. However, efforts made so far in this direction had achieved meagre results. Accordingly, the future orientations for regional cooperation outlined in document TD/B/39(2)/11 were highly relevant and could contribute tremendously to regional integration efforts in Africa. Some of the specific important issues included the harmonization of policies, the regional dimension of structural adjustment, and cooperation among the enterprise sectors. Regarding technical assistance from UNCTAD, Africa's most urgent needs at present lay in the areas of transport and communications, the enterprise sector, reform programmes and human resources development.

406. The representative of Denmark, speaking on behalf of the European Community and its member States, said that the African continent, particularly sub-Saharan Africa, was still afflicted by wars and civil strife, AIDS, desertification, deforestation, droughts and absent or negative growth. Yet Africa did have an enormous potential for growth which could be realized through continued reforms leading to good governance, respect for human rights, balanced budgets and reduction of military expenditures.

407. While the mobilization of domestic resources remained the essential source for productive investment, there was a large and increasing need for external resources for development. In this connection, over 60 per cent of total bilateral aid to Africa was provided by the Community and its member States, and over 27 per cent of total multilateral aid to Africa was provided by the European Development Fund. Moreover, under the Lomé Convention, the Community provided duty-free access for the major part of ACP exports to the Community's market. Recently, the European Development Fund had established a special fund for structural adjustment projects. In addition, the Community had, in the Paris Club, continued to press for better treatment of highly

indebted countries which had adopted sound economic policies. In this regard, it was pleasing to note that 11 African countries had benefited from the enhanced terms now available."

408. Regarding UNCTAD's technical cooperation activities, the list of activities in document TD/B/39(2)/12 was impressive but to some extent confusing. In particular it lacked an evaluation of the effectiveness of the activities, and that made it difficult for the Board to give guidance on future technical cooperation. The African countries should provide their evaluations and priorities for cooperation with UNCTAD so that a demand-driven process was established.

409. Regarding regional cooperation, the Community's own experience showed that cooperation, mutual understanding and progress went hand-in-hand. Regional integration offered countries the possibility of exploiting the advantages of economies of scale, specialization and diversification and of competing in international markets, and it also enhanced the development prospects for the countries involved; prime responsibility for regional integration lay with the countries themselves. The importance accorded to regional cooperation was reflected in the Community's approach to development assistance, whereby it supported numerous regional cooperation projects. A total of 1.25 billion ECUs was to be allocated to such projects under Lomé IV, particularly for infrastructure development.

410. The African experience with regional cooperation had shown that in some cases the politicians had been too hasty, too centralized and too political in their perspectives. Cooperation should rather be based on a more gradual approach, starting where benefits were clear to all parties, including in the medium term.

411. The central obstacles to regional integration highlighted in document TD/B/39(2)/11 should be addressed by national Governments, with the assistance of the international community. Here, as elsewhere, a coordinated approach on the part of multilateral organizations in assisting developing countries was essential. This was an important task, because without strengthened regional cooperation and integration, Africa was at risk of being further marginalized and of foregoing a central element of development.

412. The representative of Brazil said that international cooperation tended to be provided in response to dramatic events and emergency situations, and problems of a permanent character which involved structural changes unfortunately had not benefited from the same expeditious treatment. The United Nations New Agenda for the Development of Africa in the 1990s endeavoured to bring such issues to the attention of the international community and therefore merited full support.

413. Brazil had always enjoyed a close relationship with African countries in both political and economic terms, based on the similarity of economic, cultural and climatical conditions. However, the devastating effect of the recession of the 1980s had had direct repercussions on efforts to increase trade and economic linkages between Brazil and African countries, as well as between Brazil and other developing countries.

414. UNCTAD should continue to play an active role in the implementation of the New Agenda, and to that end, the secretariat should allocate adequate resources to the unit dedicated to work on Africa and should strengthen coordination among different areas. In this regard also, the international community had a crucial role to play.

415. The representative of the United States of America said that document TD/B/39(2)/11 correctly concluded that there were compelling reasons for Africa to continue to pursue cooperation and integration. Unfortunately, few of the over 100 regional organizations in Africa could yet be considered successful. Though many of these organizations aiming at economic integration sought to establish free trade areas as an interim step, even this limited objective had proven elusive, a phenomenon that was not unique to Africa. Only the West African Economic Community (CEAO) and the Southern African Customs Union (SACU) had achieved a working free trade area. Attempts to create free trade zones between African countries were commendable, but such zones must be trade-creating, market-opening and consistent with GATT principles.

416. Other African groups such as the Southern African Development Community (SADC) had helped to develop regional infrastructure, an area in which the United States took particular interest and which represented a major obstacle to trade and other economic linkages among African countries. The United States had contributed over US$ 300 million to SADC regional infrastructural projects over the past five years.

417. Although regional cooperation was important, the major impediment to African development had been the failure to build societies where the key path to wealth was through private sector production rather than through Government activities or parastatals. This point was well highlighted in document TD/B/39(2)/11. Individual African Governments must take the lead in creating an enabling environment for the private sector to fulfil its role and potential. This could be achieved, inter alia, through the adoption of structural adjustment programmes, which might be painful in the short term but were necessary for long-term sustainable development.

418. The United States would continue to work with Africa to face many of the development challenges in the years ahead through its AID programme, through humanitarian assistance, through food aid, through the Development Fund for Africa, and through cooperation with developing countries in preventing environmental degradation while at the same time advancing sustainable development. In the context of external support, her delegation commended the Government of Japan for organizing and co-sponsoring, with the United Nations and the Global Coalition for Africa, the Tokyo Conference on African Development.

419. As regards technical cooperation, she stressed two important points. First, such activities must be well focused, and second, they should be selected in close consultation between UNCTAD, donor countries and African countries, who must set the priorities.

420. The representative of the Organization of African Unity (OAU) stated that he subscribed fully to the statement made by the representative of Nigeria, and recalled that UNCTAD VIII had undertaken a commitment to respond to General Assembly requests, including notably the request for contributions to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s.

421. He drew attention to the importance attached to regional cooperation by OAU, beginning with its creation in 1960 and the subsequent adoption of a blueprint for regional development through the 1980 Lagos Plan of Action. The limited achievements in this area in no way invalidated the desire for an African common market and economic community, which were important for overcoming prevailing divisions within the continent and for avoiding Africa's marginalization in the world economy. The signing of the Treaty establishing the African Economic Community in Abuja (Nigeria) in June 1991 was one tangible proof of the continuing political will of African Governments to implement the ideals of the Lagos Plan of Action.

422. As far as the OAU was concerned, the primary objective in the area of regional cooperation was the implementation of the different stages delineated in the Abuja Treaty for the realization of an African economic community. In this connection, the orientations for regional cooperation elaborated in chapter VI of document TD/B/39(2)/11 were fully compatible with the OAU's primary objective.

423. His delegation noted with satisfaction the growing interest of Africa's development partners in African regional cooperation and integration. The constructive dialogue which existed at present between Africa and its development partners on a wide range of development issues should lead to enhanced international support for African integration in terms of both advice and resources. In this context also, he commended the Government of Japan for organising the Tokyo Conference for African Development.

424. The secretariat document on technical cooperation (TD/B/39(2)/12) correctly underlined various areas requiring focused and sustained attention. None the less, a selective approach would be necessary for three reasons, namely that resources were scarce, new circumstances in Africa had to be considered, and some existing programmes would need to be updated to suit the new realities. In view of the scarcity of resources, the rise in bilateral sources of funding was encouraging, and this trend should be maintained. On the other hand, the inadequacy of resources allocated for UNCTAD's contribution to the New Agenda was deplorable, and actions should be taken to redress this weakness.

425. The spokesman for the Asian Group (India) said that the United Nations New Agenda for the Development of Africa in the 1990s was one of the most significant blueprints to be adopted concerning Africa and its development, and UNCTAD should play a lead role in its implementation.

426. Regional cooperation and integration should be recognized for the obvious benefits which it provided to its beneficiaries. Moreover, structural adjustment in individual countries and regional integration were two sides of the same coin. There had been many attempts to form formal regional arrangements which had met with varying degrees of success, with the

prescription for success varying depending on the region, the countries involved, the proposed structure and the benefits derived. There was no one single model for emulation.

427. Apart from the European Community, the Association of South-East Asian Nations (ASEAN) and the South Asian Association for Regional Cooperation (SAARC) were two successful examples of regional cooperation. Their striking feature was their gradual and steady approach to regional integration, ensuring that each and every individual member country benefited and that regional integration was supported by strong political will. UNCTAD had been assisting African countries in their regional integration efforts and it should continue to do so, looking at the issues of both regional integration and individual assistance to member countries as one composite whole.

428. UNCTAD's technical assistance to Africa on its chosen path to self-reliance, economic development and regional cooperation had been very encouraging and useful, especially in the areas of international trade policy, the financial sector, capacity building and human resources development. However, much remained to be accomplished and, in this connection, imperative needs included: a greater flow of resources, especially foreign direct investment, into Africa; integration of national policies of African countries into the external trading environment; enhanced technology transfer; and improved human resources development. Against the backdrop of such needs, the drying up of UNDP funds was noted with considerable disappointment, and UNCTAD was urged to play a more active role in attracting more bilateral and multilateral funds to bridge this gap.

429. The representative of China said that African countries were faced with immense development challenges resulting from their weak economic foundations, deteriorating terms of trade and unfavourable economic conditions. The United Nations Programme of Action for African Economic Recovery and Development 1986-1990 (UN-PAAERD) had been launched by the United Nations to address these challenges, and UNCTAD had played a major role in the implementation of the Programme of Action, as about 61 per cent of total UNCTAD assistance had been directed to African countries in such areas as shipping and LDCs. Upon the completion of UN-PAAERD, however, the African continent had still found itself in a state of crisis. Thus, the General Assembly had adopted the United Nations New Agenda for the Development of Africa in the 1990s with the aim of revitalizing development in Africa through internal African efforts with the support of the international community. As in the past, China would continue to provide considerable assistance to African countries, within its capacity to do so. The international community, especially the developed countries, should likewise increase their assistance to African countries in areas such as debt relief, investment and regional integration. UNCTAD should also continue to assist African countries as it had done in the past.

430. The representative of the United Republic of Tanzania recalled that the United Nations New Agenda for the Development of Africa in the 1990s identified priority areas which should be addressed by African countries and the international community. One such area was technical cooperation activities, where UNCTAD, like other United Nations organizations, had played an active role, providing around US$ 52.5 million between 1986 and 1991 in such areas as shipping and multimodal transport, LDCs and international trade.

431. Most African countries had also been implementing extensive structural adjustment programmes, and some of them had begun to move to sectoral adjustment programmes which were more complex. However, in the large majority of countries, these reforms had failed to improve economic performance owing to structural constraints, including Africa's dependency on commodities, which were subject to unfavourable terms of trade and restrictive market access conditions, and the inadequacy of efficient transport and communication infrastructures and network. The heavy debt burden was another major constraint, particularly in African LDCs.

432. With respect to regional integration, 51 African countries had signed the Treaty establishing the African Economic Community in Abuja in June 1991. The Treaty's objectives included the liberalization of regional trade as an interim step to full integration of African economies, and this was an important initiative, as many of Africa's development problems transcended national boundaries and thus could be tackled at the regional level. Document TD/B/39(2)/11 outlined some of the factors impeding the implementation of African regional cooperation and integration, most of which had been recognized by African Governments. What was needed now was more analytical and technical assistance from UNCTAD and the international community to support Africa in addressing these weaknesses.

433. The representative of Senegal said that regional and subregional integration were of major interest to African countries as a means to growth and development for economically weak countries situated in the same geographical region. In Senegal, the Government had created a ministerial department for economic integration to follow, coordinate and apply policies and activities relating to intra-African integration. However, despite this keen interest, regional and subregional integration in Africa had produced few tangible results due to obstacles which were not easy to eliminate, lack of sufficient material and financial resources, and failure of countries to honour their obligations to regional organizations. On top of these difficulties, structural adjustment reforms often did not take into account the regional integration dimension.

434. The Treaty establishing the African Economic Community provided for a six-stage process. The OAU and ECA were already engaged in the implementation of each of these six stages, and UNCTAD should likewise play a role in areas under its purview on the basis of the orientations on regional integration proposed in document TD/B/39(2)/11. The realization of the African Economic Community would also depend on the development of intra-African infrastructural and communication linkages, hence the importance of achieving the objectives of the Second United Nations Decade for Transport and Communications in Africa 1991-2000.

435. Regarding technical assistance, his delegation endorsed the orientations proposed in document TD/B/39(2)/12 on UNCTAD's activities in Africa. In particular, African experts should increasingly be employed in activities for the region. Senegal attached particular importance to this in connection with the origination and execution of activities. In Senegal, this role was carried out by the focal point for technical cooperation, namely the Cooperation Service of the General Secretariat of the Government.

436. He expressed concern over the decline in UNDP resources for technical assistance activities, while welcoming the rise in bilateral resources. In this regard, he noted with satisfaction the growing interest of Africa's development partners in African regional integration, and welcomed the initiative by the Government of Japan to organize a Conference on African Development, to which UNCTAD should make some contribution.

437. The representative of Burundi said that she was struck by the objectivity of the conclusions drawn and the judicious orientations outlined in the documents TD/B/39(2)/11 and TD/B/39(2)/12. In particular, she endorsed the notion that African countries had to determine the priorities regarding their development and define the types of support services to be solicited from UNCTAD and the international community.

438. Though efforts to stimulate economic recovery and growth in Africa had been undertaken by the international community and UNCTAD through advice and assistance and by the African countries themselves through structural adjustment programmes, stagnation and deterioration continued in Africa, as manifested in growing poverty, ethnic conflicts, AIDS, and desertification. This situation raised a fundamental question: was economic recovery and development in Africa impossible?

439. Her delegation was convinced, and it seemed that the international community was also, that revitalization and development in Africa was possible. The adoption of the United Nations New Agenda for the Development of Africa in the 1990s attested to this conviction. The implementation of the New Agenda should place particular emphasis on objective analysis and identification of suitable approaches to surmounting obstacles hindering African economic recovery and development. In this regard, among the elements of the New Agenda, agriculture should have pride of place in technical cooperation activities and in regional integration plans. Regarding regional integration, success would depend upon internal factors specific to each country such as political stability, good resource management and population policies, as well as upon overcoming unfavourable external factors such as the low level of foreign direct investment, the outflow of capital from African countries to developed countries, and heavy external indebtedness.

440. The representative of Poland said that African countries were unable to point to any significant growth rates or satisfactory indexes of general well-being in recent years. The reasons for this included poor performance in the agricultural sector which had a negative influence on manufacturing activities, inadequate transport and communications infrastructures, an inefficient services sector, and generally stagnant domestic markets.

441. In the new decade, African countries needed to move decisively towards the integrated development of human resources and technological capabilities, expand domestic markets, enlarge the links between industry and other sectors, and overcome constraints on regional cooperation and integration, for example the structure of African trade and its limited diversification. UNCTAD's technical assistance to African countries should be continued in the areas of trade, the financial sector, and the evaluation of commodity markets and policy. The areas requiring greater focus were: diversification of production and trade, foreign investment and human resources development programmes.

442. The representative of Japan said that the continuing economic difficulties in Africa presented one of the major challenges to the international community in the post-war era. It was encouraging to see that an increasing number of African countries had embarked on economic and democratic reforms. Their efforts should be supported by the international community and, in this regard, UNCTAD's technical cooperation activities, as well as economic cooperation among African countries themselves in the form of regional integration, should be strengthened.

443. Japan traditionally had had limited contacts with African countries. However, in recent years, it had increased its assistance to those countries substantially and had been willing to take initiatives in and contribute to addressing the economic difficulties of Africa at international conferences. In this connection, the Government of Japan had announced at the forty-sixth session of the General Assembly that it intended to convene an international conference on African development in Tokyo in 1993. The "Tokyo Conference on African Development" was scheduled to be held from 5 to 6 October and was being co-organized by the Government of Japan, the United Nations and the Global Coalition for Africa. The Conference would also count on the active support and participation of other international organizations, sub-Saharan African countries and major donor countries. The five objectives of the conference were: to emphasize the importance of African development as one of the central themes of the international agenda; to arouse international awareness of the necessity of continuing to assist African countries' development efforts; to enable the donor community to confirm its determination to continue to assist the development efforts of African countries; to promote understanding of African countries about the necessity of their efforts for self-help; and to create a consensus among African countries and major donor countries on the priorities for development in Africa. The conclusions of the Conference might be called the "Tokyo Declaration on African Development".

444. The representative of Cameroon said that documents TD/B/39(2)/11 and TD/B/39(2)/12 succinctly described regional integration issues in Africa and UNCTAD's technical assistance activities there. However, within the broad orientations suggested in those documents, there were certain areas to which greater emphasis should be accorded.

445. One such area, given the dependence on commodities of most African countries, should be the identification of viable commodity processing projects, as well as of the means of financing such projects. Another area for increased attention was debt relief, and UNCTAD could assist in this area through its debt management activities. Human resources development was a central element of development efforts and thus constituted another area requiring greater emphasis. UNCTAD's activities in this area through its TRAINMAR programme were appreciated and should be expanded. Training programmes with large technical and scientific inputs and job-creating potential were necessary for development.

446. The problems which pervaded the implementation of structural adjustment programmes in Africa had brought to light the need for more research and analysis with a view to advising Governments on alternative and more workable policy options, especially those which alleviated the hardship associated with reforms. While the onus on revitalizing African development remained with the African countries, such efforts could not be carried out without external support.

447. The Chairperson, summing up the deliberations of the Board, singled out four areas which had appeared to be of particular interest to delegations: the proposed Tokyo Conference on African Development to be held in October 1993, and UNCTAD's role in that connection, if any; secondly, the question of strengthening the staffing resources of the unit within UNCTAD responsible for overseeing UNCTAD's contribution to the implementation of the New Agenda; thirdly, the strengthening of technical cooperation activities in the light of emerging needs of African countries, including through more use of African experts; and fourthly, improving inter-agency cooperation within the United Nations system, as well as cooperation with African regional and subregional groupings.

448. The Director of the Africa Task Force Unit said that the orientations suggested in documents TD/B/39(2)/11 and TD/B/39(2)/12 as regards the United Nations New Agenda for the Development of Africa in the 1990s appeared to be broadly supported by delegations, with some particular points of emphasis. He recalled that UNCTAD had been associated with the efforts of OAU, ECA and the African Development Bank in the drafting of the Treaty establishing the African Economic Community, and it stood ready to give further support as necessafy to the implementation of the said Treaty. Regarding interagency links with the Global Coalition for Africa, such links were in fact being developed. Regarding the evaluation of technical cooperation activities, document TD/B/39(2)/12, by indicating some future orientations, had indirectly provided an assessment of existing activities. In any event, there would be an overall review and assessment of technical cooperation activities by the Trade and Development Board in 1994. In that connection, he appealed to delegations, in view of the bleak situation regarding financial resources for technical cooperation, to enhance their contributions to UNCTAD in this area. Regarding staffing resources within the Africa Task Force Unit, he took note of the delegations' concern.

449. The Chief of the Technical Cooperation Policy and Coordination Unit, referring to the issue of the utilization of African expertise, said that the deployment of African experts in technical cooperation activities had not been adequate owing mainly to the lack of readily available information on the expertise available. However, the secretariat maintained a roster of experts, and African member States should endeavour to provide names of experts for inclusion in that roster so as to update it and make it more relevant to their needs. Moreover, the secretariat generally endeavoured to ensure as far as possible that African experts were utilized in regional projects such as the African MTN and transit/transport projects. In that connection, the resources available from UNDP for technical cooperation activities were declining, and UNCTAD's continued assistance to African countries would increasingly depend on its ability to mobilize bilateral resources. Regarding interagency

cooperation, the UNCTAD secretariat had been cooperating with almost all African subregional integration groupings. Document TD/B/CN.3/3, prepared for the first session of the Standing Committee on ECDC, described such interagency cooperation.

Action by Sessional Committee II

450. At its closing meeting, on 26 March 1993, Sessional Committee II approved the draft agreed conclusions contained in document TD/B/39(2)/SC.2/L.3.

Action by the Board

451. The action taken by the Board on agenda item 6 is reported in part I above.

Chapter VI

FOLLOW-UP TO THE DECISION OF THE TRADE AND DEVELOPMENT BOARD AT THE FIRST PART OF ITS THIRTY-NINTH SESSION (BOARD DECISION 399 (XXXIX) OF 9 OCTOBER 1992) ON THE ESTABLISHMENT OF AN AD HOC WORKING GROUP TO EXPLORE THE ISSUE OF STRUCTURAL ADJUSTMENT FOR THE TRANSITION TO DISARMAMENT

(Agenda item 7)

452. For its consideration of this item, the Board had before it the following documents:

"Report on the activities of the United Nations system in the area of structural adjustment for the transition to disarmament, prepared by the secretariat of UNCTAD in response to Trade and Development Board decision 399 (XXXIX), paragraph 2 (a)" (TD/B/39(2)/20)

"Ad Hoc Working Group to explore the issue of structural adjustment for the transition to disarmament: draft terms of reference - Note by the UNCTAD secretariat (TD/B/39(2)/Misc.1).

453. The representative of Chile said that, while the draft terms of reference for the Ad Hoc Working Group were a good basis for discussion, he suggested that the draft should include the following points:

(a) An educational campaign to make countries aware that disarmament is an investment process;

(b) An analysis of the economic, technical, financial and environmental aspects of conversion;

(c) Government participation in formulating policies and legislation to facilitate disarmament;

(d) Greater transparency in arms transfers and, to that end, establishment by UNCTAD of an information network;

(e) Technical and financial assistance to developing countries to facilitate conversion;

(f) Study of the global impact of the conversion process on international trade;

(g) Raising the awareness of the military and business sectors on the need to adopt policies at the local, national, regional and global levels related to the benefits of disarmament and conversion;

(h) Analysis of the role played by the military industry in the international and national economies in the medium and long term;

(i) Promoting the necessary coordination of the United Nations agencies;

(j) Ensuring adequate coordination between the Ad Hoc Working Group and the other Standing Committees and Working Groups.

454. Finally, he pointed out that international security was a broad concept that included numerous non-military aspects. The peace dividend could help to release greater financial resources for the whole international community and thus improve the conditions for peace and stability.

455. The representative of the Russian Federation stressed the particular importance of successful conversion of military capacities for the further progress of economic reforms in his country. Success in this endeavour depended not only on domestic efforts but also on external support within the framework of bilateral, regional and multilateral cooperation, including under the United Nations auspices. It was from that angle that his country had approached the complex issue of UNCTAD's role in that area in Cartagena and was approaching the issue at the current session of the Board.

456. His delegation was satisfied with the documentation prepared by the secretariat and supported conclusions contained therein, in particular that UNCTAD should focus on trade and development aspects of conversion and that the bulk of UNCTAD's activities in that area should take place within the recently established Ad Hoc Working Group, at least in the near future. The draft terms of reference could serve as a basis for negotiations and, with minor additions, were acceptable to the Russian Federation. He also stressed that the global process of conversion and participation of developing countries in this process would contribute to economic growth and development, as well as create more favourable conditions for trade expansion, transfer of technology, joint ventures, cooperation, etc.

457. As regards non-circulation of the estimate of resource implications, his delegation did not consider this to be an insurmountable obstacle for starting the Ad Hoc Group's work. In his view, the issue of redeployment of existing resources in order to service adequately the Ad Hoc Working Group could be left to the discretion of the Secretary-General of UNCTAD, provided such redeployment was without detriment to the functioning of other intergovernmental bodies. He shared the view expressed in the general statement of the Group of 77 on 15 March 1993 that Board decision 399 (XXXIX) had been only the first step in developing UNCTAD's activities on structural adjustment for the transition to disarmament and conversion and that the Board should now take the next, decisive step in the same direction.

458. The representative of Japan, recalling that in the Cartagena Commitment developing countries were urged to reduce their excessive military spending, said that higher priority should be given to economic development, environmental protection and other social needs by both developed and developing countries. In accordance with its ODA charter of June 1992, Japan would pay closer attention to trends in military expenditures when granting ODA as there was a growing scrutinization by the public of Japan's aid policy. UNCTAD, because of its universal membership, could play a unique role in the structural adjustment for the transition to disarmament, in particular the social and economic issues of, and the exchange of national experiences on,

conversion. It would also be useful to develop a statistical database. The Ad Hoc Working Group had to have well-defined terms of reference drawing on the relevant activities of other organizations, including the non-governmental ones.

459. The representative of Canada said that, since the Board had decided that the Ad Hoc Working Group would not become operational until the initial two-year programmes of the other Working Groups had run their course, a discussion on this item was somewhat premature. The UNCTAD report provided no estimate of the resource implications of the Working Group and no timetable for its work, as required by the Board decision, and until these points were clarified he could not support putting the Working Group into operation. The gap in the work in this area in the United Nations system should not be filled by UNCTAD alone. UNCTAD should - in accordance with its mandate and its area of comparative advantage - confine itself to the implications for trade and development and world economic growth of the structural adjustment for the transition to disarmament. It should, where possible, make use of the findings of other institutions for this purpose. Referring to paragraph 15 of the report of the secretariat, he said that UNCTAD should focus its attention on sub-item (a), and would do better to leave sub-item (b) to other United Nations agencies. Sub-items (c) and (d), and paragraph 4 of the draft terms of reference, were overly ambitious at present given the amount of work which must first be done on other issues.

460. The representative of Denmark, speaking on behalf of the European Community and its member States, did not believe that the proposed terms of reference could be sensibly discussed at this session owing to the late availability of the document. However, he would comment on the secretariat's report and he hoped that this would form the basis for an agreement on the terms of reference at the first part of the fortieth session so that the Working Group could start its work in the Spring of 1994.

461. World military spending had declined by 5 per cent between 1987 and 1991, which was not of the magnitude expected in the wake of the cold war. The decline in military spending in developing countries was uneven and might be, in some areas, due to economic hardship. This decline must not be reversed when economic growth picked up again. Reduction of military expenditures was likely to be beneficial to all countries and regions in that it allowed for reallocation of resources to development purposes. But the structural adjustment for the transition to disarmament also had macro-economic and social effects and required a range of different actions. The UNCTAD secretariat report made a valuable contribution to the consideration of this issue.

462. The Ad Hoc Working Group should focus on two areas, namely macro-economic and social effects of disarmament and the economic aspects of conversion. The Working Group offered the possibility of a multilateral exchange of experience and might be able to undertake studies on country experiences regarding the economic and social effects of disarmament, conversion and decreasing military personnel.

463. The spokesman for the Asian Group (Pakistan) urged that governments should concentrate their efforts on social and economic developments through diverting resources hitherto allocated to defence. There was an urgent need

for multilateral and non-discriminatory efforts to achieve progress on the entire range of disarmament issues. Defence expenditures in developed countries must be reduced since they limited the aid-giving capacity of those countries and contributed to inflation, which was transmitted to developing countries through the monetary and trading systems. The dividends emanating from the reduction should be earmarked for development in a non-discriminatory manner. This would make it possible to establish a special disarmament and development fund under the auspices of the United Nations. He felt that these suggestions were largely in line with the proposals set forth in the terms of reference submitted by the secretariat.

464. The representative of Mexico said that many countries were discovering that disarmament could be an expensive undertaking. In the ex-Warsaw Pact countries, for example, the transformation to a market economy system drew its financial resources mainly from exports of the military sector as the latter had the most competitive technology in those countries. Mexico was interested in the establishment of the Ad Hoc Working Group to achieve an international consensus on the structural adjustment for the transition to disarmament oriented towards development, especially that of the developing countries. Since conversion had to be examined in a multi-disciplinary manner, there should be transparency in arms transfers, which meant that the Working Group would have to make use of the United Nations register.

465. The representative of Nigeria welcomed the establishment of the Ad Hoc Working Group and considered that the proposed terms of reference pointed in the right direction. UNCTAD had a role to play in the trade and development aspects of the structural adjustment for the transition to disarmament. His country was willing to participate effectively in the Working Group, although, in view of the limited resources of both the member States and the secretariat, the time was not ripe for a full discussion of this issue. Thus the launching of the Ad Hoc Working Group could wait until the other Working Groups had concluded their work.

466. The representative of China said that, in accordance with the Cartagena Commitment and the orientations of UNCTAD's work, the Ad Hoc Working Group should give priority to orienting the structural adjustment for the transition to disarmament towards development. It should serve the interests of developing countries at the international level by promoting financial flows, development assistance, debt relief and transfer of technology. It should follow strictly the objectives of UNCTAD and integrate its work with trade and development issues and should avoid duplication with the work of other agencies.

467. The representative of the United Republic of Tanzania said that, since the import of arms by developing countries contributed to their external debt, the reduction of military expenditures would make a significant contribution to their development. He therefore urged the major posers to help defuse regional tensions. There was evidence, however, that arms were being supplied to developing countries by the military-industrial complexes in the industrialized countries. Making arms sales more transparent would make it possible to curtail them. But there was no point in negotiating disarmament if no effort was made to eliminate the root causes of arms race: new forms of

security relations must be found which reduced inequity and injustice with a view to promoting peace and economic development in developing countries. Some of the savings on military expenditures should be allocated for conversion of defence industries into civilian uses.

468. The representative of Australia said that, while he saw considerable value in the study of structural adjustment for the transition to disarmament, a cautious approach should be adopted regarding the proposed terms of reference for the Ad Hoc Working Group. UNCTAD had limited resources which were being used in the work of the other Working Groups and Standing Committees. He felt nevertheless that there was a clear role for UNCTAD to play on sub-items (a) and (b) of the proposed terms of reference, although duplication with other United Nations organs must be avoided.

469. The representative of Egypt said that the many profound changes now taking place on the international scene offered a unique opportunity to work towards a safer, more stable and prosperous world. This represented a new challenge to the international community which must now consider how to make the best use of the opportunity. The end of the cold war and the ensuing international détente were facts of the utmost importance, and every effort should be made to ensure that the transition to disarmament and the global reduction of military expenditure would result in the released resources being used for development purposes, as envisaged in paragraph 24 of the Cartagena Commitment. Paragraph 99 of the Commitment referred to the need for UNCTAD to study structural adjustment in relation to the transition to disarmament. The Board has taken the necessary steps by establishing the new Ad Hoc Working Group.

470. He recalled that a study carried out by Commonwealth experts in 1991 had shown that, if an annual reduction of 2 to 4 per cent of world military spending could be achieved, the savings in the 1990s would be in the order of $1.5-2.5 trillion. If the developed countries were to direct 20 per cent of this sum to development assistance in favour of the developing countries - at an annual rate of 2 per cent - the annual volume of such assistance by the year 2000 would be $25 billion. Resources of this magnitude could be used to secure for the children of the third world basic education, vaccinations and health-care facilities, and the elimination of malnutrition. These figures gave an idea of the huge opportunities that were being missed in the developing countries as a result of the colossal sums spent on military budgets.

471. Referring to a report submitted by the United Nations Secretary-General to the forty-seventh session of the General Assembly entitled "New dimensions of the arms race and disarmament in the post-Cold War era", he said that the international community was urged to face the challenge posed to the environment by the military build-up and was invited to find ways to dismantle the huge arms stockpiles.

472. In making its contribution to the above tasks, the Ad Hoc Working Group should be called upon to study all the economic effects of the transition to disarmament on the world economy and on the economies of the developing countries in particular. The Working Group should focus in particular on the following aspects:

(a) The effects of a reduction of military expenditure on the world economy and the possibilities for ensuring macroeconomic stability;

(b) The measures that need to be taken to achieve disarmament and the transition of resources for development;

(c) The linkage between environment, debt and military expenditure, as well as the possibility of providing increased official development assistance to the developing countries as a result of structural adjustment.

He expressed the hope that the Working Group would be able to prepare a comprehensive analytical report on the above points.

Action by the Board

473. The action taken by the Board on agenda item 7 is reported in part I above.

Chapter VII

SUSTAINABLE DEVELOPMENT: IMPLICATIONS FOR UNCTAD OF RECENT GENERAL ASSEMBLY DECISIONS CONCERNING THE FOLLOW-UP TO UNCED'S CONCLUSIONS AND RECOMMENDATIONS

(Agenda item 8)

474. For its consideration of this agenda item, the Board had before it the following documentation:

"Environment and international trade: note by the UNCTAD secretariat" (TD/B/39(2)/CRP.2);

"Implementation of agenda 21: note by the UNCTAD secretariat" (TD/B/39(2)/CRP.3);

"Relevant mandates from the General Assembly, UNCED and the Trade and Development Board: note by the UNCTAD secretariat" (TD/B/39(2)/CRP.4).

Consideration in Sessional Committee II

475. Introducing the agenda item, the Deputy Secretary-General of UNCTAD emphasized the importance of the issue for UNCTAD, which had been working on sustainable development for several years following Board decision 370 (XXXV) of 1989. UNCTAD's role had then been confirmed and reinforced by UNCTAD VIII and by UNCED. Since then, both the Board and its subsidiary bodies had met, the former generating a summing-up by the Vice-President encouraging the Board to give high priority to work on sustainable development, and the latter adopting work programmes containing elements centred on sustainable development. It was on that basis that the secretariat had prepared its proposals on the future work programme of the Board and the draft response to General Assembly resolution 47/191.

476. UNCTAD's analytical capacity in the fields of transnational corporations and science and technology - fields which had a strong link with sustainable development - would be reinforced if the proposals of the Secretary-General of the United Nations on restructuring were adopted by the General Assembly. General Assembly resolution 47/183 requested UNCTAD to work in close cooperation with the Commission on Sustainable Development, and doing so would require the secretariat to develop its analytical capacity on those aspects of sustainable development within its mandate. The secretariat had organized its own work around the six sectors in which it had been given a clear mandate by its governing bodies: trade, commodities, financial mechanisms, technology, services and poverty. It had also proposed that the Board do likewise in its report to the General Assembly.

477. With regard to the issue of trade and environment, both GATT and OECD were also active in this field, and the UNCTAD secretariat participated actively in the work of these bodies on trade and environment. It was appropriate that exploratory work on these issues should be conducted in a universal forum such as UNCTAD before more restricted fora took the decisions which were theirs to take.

478. In document TD/B/39(2)/CRP.2, the UNCTAD secretariat had outlined seven areas of activity in trade and environment which derived from the responsibilities assigned to UNCTAD by its various mandates, especially chapter 2 of Agenda 21. In order to prepare for the Board's discussions on these issues, the secretariat had already for some months been hard at work in each of these seven areas of activity. In that connection, he welcomed the extra-budgetary contributions made to this work by Colombia, the Netherlands and Norway, by UNDP, and by the International Institute for Sustainable Development and the International Development Research Centre. More such support was needed to carry the work in all these areas to fruition.

479. It was the intention of the secretariat to initiate a series of informal discussions with interested member States on selected topics in the trade and environment field, which would be attended by recognized world authorities on the particular issues chosen. It was anticipated that, if the secretariat found adequate resources to do so, these discussions would be approximately bimonthly in rhythm, with the first taking place in May 1993. It was expected that the first two topics to be considered would be: transparency of environmental regulations; and trade-related aspects of ecolabelling. These discussions would have a very specific focus on the problems and interests of the developing countries and countries in transition in regard to these matters.

480. At its current session, the Board would need to make two decisions concerning sustainable development: adopt a timetable for its future discussions on sustainable development; and adopt a report to the General Assembly in response to General Assembly resolution 47/191. The secretariat had proposed a schedule for Board discussions in paragraph 24 of document TD/B/39(2)/CRP.3, as well as a draft for the Board's report (TD/B/39(2)/CRP.3, annex).

481. The spokesman for the Asian Group (Malaysia) said that the Rio Declaration, Agenda 21, and other UNCED agreements emphasized a number of important principles such as integration of environmental protection and economic development. According to these principles, the special needs and conditions of developing countries should be given full consideration, and the global partnership on sustainable development should be based on full respect of national sovereignty.

482. The draft response to General Assembly resolution 47/191, as contained in the annex to document TD/B/39(2)/CRP.3, was welcome, but it would be useful to compare UNCTAD's work with the work programme of the newly established Commission on Sustainable Development (CSD), which, at its first organizational session, had recommended a work programme clustering the main issues on environment and development around various groups of chapters of Agenda 21.

483. The work programme adopted by the Ad Hoc Working Group on Expansion of Trading Opportunities for Developing Countries, as well as the Ad Hoc Working Group on the Interrelationship between Investment and Technology Transfer, should be given due consideration. UNCTAD's priority should be to concentrate on the reconciliation of environmental and trade policies, including the necessity for environmental measures not to become an instrument of

protection. It would also be necessary to coordinate and complement the work of the various agencies in the United Nations system, particularly to achieve greater economy and efficiency.

484. The spokesman for the Latin American Group (Chile), referring to paragraph 24 of document TD/B/39(2)/CRP.3, said that the question of "trade and environment" was a matter of importance for his Group, and the Trade and Development Board should consider that question at the first part of each of its annual sessions. In addition, it should discuss the topics "financial instruments for environmental protection", "economic and regulatory tools for sustainable development", and "sustainable development at the national level" once each before UNCTAD IX, at the second part of its annual sessions.

485. Speaking as the representative of Chile, he said that a realistic way to cope with environmental problems was through appropriate domestic legislation rather than through the imposition of trade restrictions by importing countries. It was important to realize that environmental objectives required investment and resources, both of which had alternative uses. Thus, environmental goals in developing countries could only be achieved if economic growth and social equity were not impaired over a period of time. Environmental norms should be determined by the environmental and social characteristics of the countries concerned.

486. Chile had recently enacted a general law covering the following environmental aspects: development of instruments for environmental protection; environmental impact assessment; environmental quality norms; protection, preservation, and conservation of the environment; environmentally safe methods of resource management; prevention of pollution and decontamination; civil responsibility in the event of environmental damage; and the fiscal norms for environmental preservation. To facilitate the achievement of these environmental objectives, a National Commission on Environmental Issues had been created. The Commission would coordinate the work being undertaken by other relevant bodies on the environment.

487. The representative of Finland, speaking on behalf of the Nordic countries, said that sustainable development had been universally accepted as a broad objective of all economic policy-making. As in other policy areas, individual countries bore the main responsibility for assuring, through an appropriate mix of policies, that the principle of sustainability was observed. At the same time, international policy discussions and directions for further action were needed in the follow-up to UNCED. With regard to the practical implications for UNCTAD's work programme, he emphasized that, firstly, sustainability had to be integrated into the activities of the Board's subsidiary bodies and the support work of the secretariat. Experience thus far indicated that Committees and Working Groups had incorporated the concept of sustainable development in the sense of adding an environmental dimension to their work; that work should be carried on further. Secondly, intersectoral questions and the related conceptual work best lent themselves to discussion in the Board and its Sessional Committees. Thirdly, for the work to yield tangible results, strict priorities had to be set.

488. The Nordic countries felt that the focus put on trade and environment at the first part of the thirty-ninth session of the Board was a good choice, as the interface between trade and environmental policies was assuming increasing importance. In that respect, the Nordic countries supported the draft decision set out in document TD/B/39(2)CRP.3 to the effect that the topic "trade and environment" be placed on the agenda of the first part of the fortieth and subsequent sessions of the Board.

489. With regard to issues of trade and environment, although nobody disputed that the special needs of developing countries needed to be taken into consideration, it looked increasingly evident that clear dividing lines often could not be drawn between groups of countries. This should be reflected in a thorough and non-contractual discussion in the setting of a new UNCTAD.

490. Secretariat work should meet three main requirements: firstly, it should provide basic analyses and information through thematic studies. Secondly, it could contribute towards adaptation of trade policies and practices by undertaking country studies and setting up information facilities. Thirdly, the secretariat could provide inputs for the forthcoming policy-oriented discussion at the Board. The Nordic countries emphasized the importance of the last-mentioned aspect.

491. In conclusion, the Nordic countries saw UNCTAD emerging strengthened from the structural reforms undertaken in the United Nations system, in particular in the priority area of trade and environment.

492. The representative of Japan said that, at UNCED in 1992, the international community had agreed on the framework for international cooperation in the field of environment and development. This had represented a meaningful first step, and the expressed will of the international community should now be translated into concrete action. It could be expected that global cooperation would be secured within the framework of the Commission on Sustainable Development (CSD), and Japan, as a member of the CSD, was willing to contribute to its activities.

493. Agenda 21 had pointed out the important role that UNCTAD could play in the follow-up process to UNCED. He expected UNCTAD to participate actively in the process, taking into account the mutual complementarity of the work of other international organizations. The work of subsidiary bodies such as the Standing Committee on Commodities, the Standing Committee on Poverty Alleviation and the Standing Committee on Developing Services Sectors (Insurance), as well as the Ad Hoc Groups on Technology Transfer, Trading Opportunities and Privatization, should be coordinated and receive guidance from the Board, given the limited resources at their disposal. He believed that UNCTAD could play a constructive part in the efforts of the international community in the field of sustainable development.

494. The representative of China said that the implementation of the follow-up to UNCED had made good progress with the establishment of the Commission on Sustainable Development. Progress had also been achieved within UNCTAD through the adoption of work programmes incorporating a sustainable

development dimension and through the secretariat's analysis and research. UNCTAD clearly had an important role to play in the implementation of Agenda 21, and sustainable development issues should be incorporated into all areas of UNCTAD's activities. In that connection, a balance must be achieved between development, trade and environment and between national and international policy on the environment. Secondly, in developing a new partnership for development and, in particular, in implementing technical assistance programmes especially in the field of training, the special conditions and development needs of developing countries must be taken into consideration. Finally, activities must be coordinated with the work of other international organizations to avoid duplication, while appropriate organizational arrangements should be made in all departments of UNCTAD.

495. The representative of Bangladesh emphasized the role assigned to UNCTAD by UNCED in the consideration of the interrelationship between development, international trade and the environment. The work in this field should generate data and analyses on trade and environment matters. This would assist developing countries in drawing conclusions on measures to be taken, at the national and international level, to ensure that environmental and trade policies were mutually supportive and contributed to achieving sustainable development. The analytical and empirical work should also consider the special conditions and development needs of developing countries, particularly the least developed, and should provide support for the various efforts of these countries accordingly.

496. Sustainable development was a process in which economic, fiscal, trade, energy, agricultural, industrial and all other policies were so designed as to bring about development that was economically, socially and ecologically sustainable. It was a comprehensive concept embracing all facets of human life. It had to be recognized that environmental priorities differed at different stages of development. Developed countries were more concerned with global warming, depletion of the ozone layer, disposal of chemical waste, acid rain and loss of rare species. Developing countries, in contrast, were concerned with much more basic issues of human survival such as water supply and sanitation, soil erosion, desertification and local air pollution. Few developing countries had the capacity to formulate, plan, implement and manage environmental programmes and to incorporate those programmes into their overall development efforts. Capacity building in the poor countries was therefore very important. A transition to a more sustainable mode of development would require massive efforts by all countries; exchange of experience without corrective action would not improve the situation. It was essential to reach the necessary degree of consensus on how to deal with problems of environment and sustainable development. Thereafter, resources would have to be raised to finance agreed measures. Since sustainable development was a vast area, it would be necessary to set priorities for the work programme.

497. The representative of Denmark, speaking on behalf of the European Community and its Members States, said that the European Community and its Member States were fully committed to the follow-up to UNCED. The Commission on Sustainable Development, which was now a reality, would be a corner-stone in the follow-up to the Rio Conference, and UNCTAD must therefore

work closely with that body, taking into account the various parts of the Cartagena Commitment dealing with sustainable development and the specific reference to UNCTAD in Agenda 21.

498. The European Community and its Member States continued to support the view expressed at the first part of the thirty-ninth session of the Board, namely that the concept of sustainable development and its environmental dimension should be integrated thoroughly in both UNCTAD's intergovernmental machinery and the work of the secretariat, and that the subsidiary bodies of the Board should assign high priority to sustainable development.

499. UNCTAD's comparative advantage in the follow-up to UNCED was clearly in the area of encouraging economic policies conducive to sustainable development and in trade and environment. This area of work was however, very broad, and UNCTAD must coordinate its efforts with and draw on the work done in other fora, especially in GATT and OECD. The work done should be focused to ensure that the results were not only of high academic value but also contained practical advice for the benefit of the members of UNCTAD.

500. In establishing their work programmes, some subsidiary bodies of the Board had specifically included environmental considerations as central areas of work, while others had indicated their intention to work in that area. The subsidiary bodies were now expected to give effect to their intentions.

501. She welcomed the considerable amount of work undertaken by the secretariat in the area of trade and the environment, though the focus of the secretariat's attention could be broadened to include, in a more substantial manner, the effects on the developing countries' own environment. Any exploitation of natural resources for trade should take into account environmental consequences. Work in this field should preferably encompass country-specific studies and advice.

502. The European Community and its Member States agreed with the recommendation of the secretariat that the Board should, at the first part of each session, consider a specific topic relating to "trade and environment" but felt that it was too early to determine the themes for the Board's deliberations up to 1995. It would thus be preferable to leave the agenda open to allow for flexibility in the light of future developments in the field of sustainable development.

503. Finally, she stressed the need to further discuss the content and formulations of the report to be adopted by the Board at the request of the General Assembly. The areas to be identified in the report needed to be clarified and specified, with clear priority-setting.

504. The spokesman for the African Group (Kenya) said that his Group attached great importance to the question of sustainable development. The main issue now before the Board was to decide in concrete terms how to organize its activities in this field. Given the fact that other United Nations bodies were discussing sustainable development as well, and given the limited resources available to UNCTAD, effective coordination would be essential.

505. The representative of Canada said he joined in the concern expressed by other delegations regarding the late delivery of the documentation. In the long run it was UNCTAD and its work that would suffer as a result of late preparation of documentation. With regard to sustainable development, UNCTAD should generate the necessary data and understanding on issues which were not being specifically covered elsewhere. It should further develop an analytical and empirical approach to its studies, and this in turn would allow member States to address areas of priority concern in sustainable development and how they related to trade and development.

506. In the follow-up to UNCED, each organization in the United Nations system would have to act within its respective mandate and competence. The seven areas of activity for UNCTAD's work programme which had been identified in document TD/B/39(2)/CRP.2 would have to be approached with this in mind, as there were other agencies already involved in some aspects of that work. In particular, the activities in areas one, three, four and five concerned issues where GATT and OECD were already active within their areas of responsibility. UNCTAD should therefore steer clear of duplicating work, and ensure that work was focused on producing complementary material.

507. With regard to the identification of priorities in the work programme, Canada would prefer to see highest priority given to activities seven, six, three and five. Activity seven was one area where UNCTAD had a particular comparative advantage; activity six should more clearly separate the collection and dissemination phase, and the analysis of implications for developing countries; activity four seemed to be an area which, to a certain extent, would be assisted by the completion of work in the other areas of activity, and thus had an overarching reach. Canada would accord lower priority to activities one and two.

508. On the question of eco-labelling (TD/B/39(2)/CRP.2, para. 32), the secretariat considered that that instrument was adopted on a voluntary basis and programmes were open to both domestic and foreign suppliers. However, it would be more accurate to state that eco-labelling might or might not be voluntary, and was generally open to both domestic and foreign suppliers. In conclusion, work on the relationship of the life-cycle approach to trade was already being dealt with by OECD, and as in other cases, UNCTAD's work should be complementary, avoiding duplication.

509. The representative of the Russian Federation said that his country attached great importance to sustainable development, environment and trade and that the initiatives UNCTAD was taking in this field were particularly needed and timely. He suggested that the UNCTAD secretariat should intensify both its theoretical analysis and its practical activities related to sustainable development.

510. He welcomed the inclusion of sustainable development considerations in several areas of activity carried out in UNCTAD, such as activities in the field of commodities and trade and environment. Sustainable development considerations were also of particular importance for countries in transition.

511. He emphasized the need to avoid possible duplication among activities carried out by different international organizations and stressed that UNCTAD should coordinate its action on sustainable development with action taken by

other organizations in order to achieve an effective use of resources. There should also be close coordination between UNCTAD and the Commission on Sustainable Development.

512. He concluded by expressing support for the proposal to have sustainable development discussed at regular sessions of the Board, in the Sessional Committee.

513. The representative of the Republic of Korea said that, although environmental issues should be confronted head on, one should be very careful to ensure that environmental measures did not become an instrument of protection, as mentioned in Agenda 21. Furthermore, there was a crucial need to ensure effective coordination and complementarity among the various organizations of the United Nations system and other intergovernmental bodies so as to achieve greater economy and efficiency and minimize the overlap in their work. In this context, he observed that although taking different approaches, UNCTAD and GATT sometimes treated the same issues, for example eco-labelling. Consequently, informal meetings should be held among the secretariats concerned in order to improve efficiency and eliminate overlaps in their work.

514. Technology related to the environment was essential for developing countries in pursuing sustainable development, and the question of transfer of technology should therefore be at the centre of UNCTAD's work. Devising workable market-based modalities for the transfer of environmentally-related technologies should remain a top priority in UNCTAD's follow-up actions. In this context, he referred to paragraph 15 document TD/B/39(2)/CRP.3, which reiterated the importance of technology transfer.

515. The representative of the United States of America said that her delegation was quite impressed by the breadth and scope of the work proposed by the secretariat in document TD/B/39(2)/CRP.2. Certainly the reconciliation of trade and environmental policies had to lie at the heart of all work done at UNCTAD on sustainable development. Given that the members of the Commission on Sustainable Development had been selected and had agreed upon the outlines of a work programme, it was entirely proper that UNCTAD proceed quickly with its own work, in consultation with other organizations.

516. There were several subsets of topics under the broad category of trade and development: how environmental measures might affect expansion of trade and export competitiveness, and how trade rules and policies might affect the environment, both directly, by their impact on environmental regulations, and indirectly, through the impact of expanded trade on resource uses. An examination of how all those elements actually affected country programmes, and a comparative analysis of country experiences in promoting trade expansion and diversification without depleting the natural resource base was the single most important contribution UNCTAD could make, and her country strongly supported UNCTAD's work in that area.

517. It must not, however, be forgotten that the membership of UNCTAD was universal. Work done by the secretariat must not neglect any portion of the membership, and in particular the needs of countries in transition to a market economy had to be taken into account.

518. As far as institutional issues were concerned, it was to be regretted that the secretariat's documentation had been made available so late. She supported the suggestion that "trade and environment" become a regular topic on the Board's agenda. However, it was not clear how the appropriate decision would be made. More importantly, her delegation was concerned by the vast work programme already undertaken by the secretariat and was curious to know when the decisions had been made to undertake country studies and thematic studies.

519. A second concern related to budget implications. She had not seen any document setting out the budgetary implications of the work undertaken. It appeared that some of the work was being funded by extrabudgetary resources, but it was not clear how secretariat staff resources were being allocated, whether enough such resources were available, how priorities were set or who set them. Requests for information on the allocation of resources within the secretariat had been repeatedly ignored, but such information was necessary.

520. Finally, the secretariat had suggested work in six areas linking them to Agenda 21. It was not clear whether all areas were to be treated equally or whether the secretariat had sufficient expertise to carry out work on all those issues.

521. The representative of Mexico said that his country regarded agenda item 8 as a priority area of interest. In its work on sustainable development, UNCTAD had to pay special attention to the following activities: collecting data and information on international trade; carrying out studies to strengthen understanding of the interlinkages between trade and environment; making sure that trade measures aimed at solving environmental problems were transparent; making sure that differences in environmental policies were not compensated by trade restrictive and protectionist measures. UNCTAD had to make a special effort in collecting and disseminating information on the impact that environment-related measures might have on international trade, especially on the exports of developing countries.

522. In the studies UNCTAD was carrying out it was necessary to stress that the protection of the environment had to coexist with free trade, especially for those sectors that were of export interest for developing countries. Also, commitments already agreed upon to withhold protectionist measures should be implemented. This objective could be more easily achieved if an adequate process of structural adjustment was also carried out in developed countries.

523. The efforts made by developing countries to reform their domestic policies had to be supported and complemented by the international community and financial organizations. The granting of special and more favourable treatment to developing countries and full transparency in the implementation of those measures (especially environment-related measures) which might have a negative impact on developing countries' exports represented basic conditions for developing countries to achieve sustainable development.

524. As far as secretariat activities were concerned, he suggested that, on the one hand, there should be better coordination among international organizations on their activities related to the environment and sustainable development to ensure better implementation of the mandates of the Rio

Conference and avoid waste of material and human resources, and, on the other, information should be supplied on the cost of the activities that would be carried out in connection with the mandate UNCTAD had received under Agenda 21.

525. Finally, he expressed the full agreement of his country on paragraphs 24 (a) and (b) of document TD/B/39(2)/CRP.3.

526. The representative of the Philippines said that the work programme presented by the UNCTAD secretariat in the area of sustainable development seemed very comprehensive. That was appropriate, since UNCTAD was the only organization which could address the issue of sustainable development taking into account the development aspect and the special conditions of developing countries. He stressed that it would be useful to identify some priority areas of action, in case the UNCTAD secretariat faced difficulties in tackling all problems at the same time.

527. The representative of Brazil said that documents TD/B/39(2)/CRP.2 and 3 fully reflected the impressive work developed by the secretariat and by UNCTAD's subsidiary bodies. He took special note of the progress reported in relation to the country case studies under way on trade and environmental linkages in five countries, including Brazil (TD/B/39(2)/CRP.2, para. 26). He stressed the importance of the thematic studies and of the work on "eco-labelling" undertaken by the secretariat. He also welcomed the fact that the Ad Hoc Working Group on Expansion of Trading Opportunities for Developing Countries would be considering the impact of environment policies and measures on trading opportunities of developing countries as one of the elements of its work programme and underlined that environmental measures must always be apparent and agreed in appropriate form. Special attention should continue to be given to the linkages between poverty and sustainable development, the transfer and diffusion of environmentally sound technologies, and training needs in connection with the developmental aspects of global environmental deliberations. He underlined that, in order to be in line with UNCTAD's mandate, the issue of "financial instruments" should deal with sustainable development and not with "environment protection", as identified in one of the topics proposed in paragraph 24 of document TD/13/39(2)/CRP.3.

528. In view of the late release of the secretariat's documents, which should be avoided in the future, his delegation had not had enough time to examine them properly. Given the ambitious plan of work to be transmitted to the Economic and Social Council, it would be helpful to know if all the activities involved could be carried out with regular budgetary resources or if extra-budgetary funds would be needed for some of them. He suggested that an estimate of costs be presented by the secretariat for the follow-up to the implementation of programmes related to sustainable development.

529. The representative of Poland said that his country regarded sustainable development as one of the most important subjects on the international agenda in the 1990s, and he noted with satisfaction that the intersectoral problems of sustainable development and their environmental dimension were well integrated into the work programmes of UNCTAD's bodies. Unnecessary duplication of work with other relevant United Nations bodies had been avoided.

530. With regard to specific areas of work, his country was particularly interested in: (i) the reconciliation of environmental and trade policies, including the necessity to ensure that environmental measures did not become an instrument of protection; (ii) increased awareness and understanding of the interlinkages between trade, environment and development; (iii) the collection, analysis and dissemination of environmental regulations and measures which might have an impact on trade.

531. The policy-oriented research of the UNCTAD work programme on environment and trade, which consisted of country and commodity case studies, covered a diversity of country situations and experiences. He welcomed the fact that Poland had been chosen by the secretariat in this framework. He hoped that the case study on Poland would illustrate the problems of reconciliation of environmental and trade policies in the wider context of the national environmental programme adopted recently by his Government, and that it would also be representative of a vast group of countries undergoing deep economic and social transformations involving changes in environmental policies.

532. Finally, he welcomed the priorities defined in the work programme of the Ad Hoc Working Group on the Interrelationship between Investment and Technology Transfer, and he expressed the intention of his country to take an active part in the workshop on the transfer and development of environmentally sound technologies which would be organized by Norway in 1993.

533. The representative of the UNCTAD secretariat, in reply to the questions posed, said that the late issuance of the documentation had been due to a number of exceptional circumstances linked to the conclusion of the first round of meetings of the Board's subsidiary bodies as recently as 5 February 1993, and to the important restructuring of the United Nations economic and social sectors, which had implications for UNCTAD's work. Every effort would be made to ensure that documentation for future Board discussions on the issue of sustainable development would reach delegations well within the prescribed deadlines.

534. He also noted that the structure of document TD/B/39(2)/CRP.3 had been designed to keep quite separate the two decisions the Board was called on to take: that of the calendar for its future discussions on sustainable development, and that of its response to General Assembly resolution 47/191. The annex, which was a draft for that response, contained (with the sole exception of the item "trade and environment") only items already included in the agreed work programmes of the Board's subsidiary bodies or (in one case) included in the summing-up of the Vice-President at the first part of the thirty-ninth session of the Board; it was not for the Board itself to undertake the work of its subsidiary bodies, but it would receive reports from those bodies on their work. The "trade and environment" theme had been elaborated because it was treated only peripherally in the Ad Hoc Working Group on the Expansion of Trading Opportunities for Developing Countries, and member States seemed to be in broad agreement that it was a subject of such great importance that it merited particular attention.

535. As to the calendar, he noted that there appeared to be a consensus that the "trade and environment" theme should be taken up at the first part of the Board's annual sessions. There also appeared to be considerable support for the consideration of the theme "financial instruments for environmental

protection" at the second part of the Board's fortieth session. In response to a question posed, he indicated the elements under this broad heading for which the secretariat would probably be in a position to provide adequate and timely documentation.

536. With regard to the adequacy of the resources at the disposal of the secretariat to carry out the extensive work programme in the sustainable development field on which member States had already agreed, he recalled that the vast bulk of the work in this area had been accomplished to date via the use of extrabudgetary support from a very few Governments, UNDP and certain research institutes; relatively few regular budget resources were involved. It was clear that further extrabudgetary resources would be required.

537. It was true that, if the General Assembly accepted the proposals of the Secretary-General of the United Nations, the UNCTAD secretariat would be significantly reinforced in the fields of transnational corporations and of science and technology. However, these resources were not fungible, and moreover would be devoted to the substantive servicing of two existing commissions of the Economic and Social Council. It was clear that, with the recentring of sustainable development activities within the United Nations Secretariat, new arrangements would need to be put in place; activities on sustainable development would be concentrated in the different divisions, and coordination of these activities would be considered within the framework of the restructuring of the UNCTAD secretariat.

Action by Session Committee II

538. At its closing meeting, on 26 March 1993, Sessional Committee II adopted draft decision TD/B/39(2)/SC.2/L.2, submitted by the Chairman.

Action by the Board

539. The action taken by the Board on agenda item 8 is reported in part I above.

Chapter VIII

OTHER MATTERS IN THE FIELD OF TRADE AND DEVELOPMENT

(Agenda item 9)

Report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-fifth session

(ITC/AG(XXV)/134 and Add.1)

540. The Chairman of the Joint Advisory Group (Finland), introducing the report, recalled that although the twenty-fifth session of the Joint Advisory Group had originally been scheduled to be held in April 1992, it had been postponed at the request of several Governments which had felt that, in view of the very substantive agenda, such a meeting should only be held following the appointment of a new Executive Director. However, after extensive consultations, the Executive Heads of GATT and UNCTAD had decided to convene a short meeting of the Group on 26-27 November 1992. The main item at that meeting had been a review of the technical cooperation activities of the International Trade Centre UNCTAD/GATT (ITC) in 1991, based on its Annual Report. In opening the Group's general debate, the Deputy Secretary-General of UNCTAD, referring to previous discussions of the UNCTAD'S Trade and Development Board, had recalled ITC's crucial role in providing assistance to developing countries, conveyed the Board's determination that ITC should remain a joint UNCTAD/GATT operation, and stressed that the problem concerning the post of Executive Director should be resolved urgently. The Officer-in-Charge of ITC, in introducing the Annual Report, had noted that 1991 had been a year of transition characterized by the expected departure of its Executive Director, the shift to a new medium-term plan and the final year of the UNDP's Fourth Programming Cycle and preparations for the Fifth. The transition had affected the entire organization and had been reflected in a lower than expected overall programme delivery. 1991 had also been marked by an increased emphasis on the business orientation of the ITC programme - an approach which had arisen from the changes taking place in developing countries as a result of structural adjustment and reform policies. The Group had underlined the ITC's key role in assisting developing countries in their trade promotion and export development efforts, and had commended the ITC secretariat for discharging its responsibilities efficiently during 1992 in spite of the prevailing difficult circumstances. The Group had also stressed the importance of filling as soon as possible the post of Executive Director and other vacant top-level posts, in order to allow ITC to continue to provide steady support to developing countries' trade promotion efforts.

541. The Group had urged donors to the ITC's trust fund, and UNDP, to do their utmost to ensure an adequate flow of resources to ITC, commensurate with developing countries' increasing trade promotion requirements. In this context, particular importance had been attached to the initiative for the establishment of a Global Trust Fund and Consultative Committee which would give ITC the flexibility needed to deal with the changing needs of recipient countries. The Group had noted that extensive programming efforts should result in an enhanced share for ITC of resources available under the UNDP's Fifth Programming Cycle.

542. The Group had reviewed the ITC's operational activities in 1991 under its eight subprogrammes and had noted that, since the beginning of 1992, ITC had been working within the framework of the new Medium-term Plan (1992-1997) which had introduced a new structure for the subprogrammes. Several representatives had commended ITC for providing effective support in 1991 to their programmes on export development and import operations and techniques.

543. The spokesman for the Latin American and Caribbean Group (Chile) recalled that the Centre's technical cooperation activities in 1991 had been reviewed as recently as November 1992. He referred to a number of constructive initiatives that had emerged since then, such as the proposal for the establishment of a global trust fund and Consultative Committee, which could be of considerable support in restructuring the organization. He added that Governments would soon have the opportunity to review the Centre's annual report on its 1992 activities. His Group, therefore, considered that it would not be useful for the Board to undertake a detailed study of the report for 1991 at this stage.

544. He expressed concern at the failure to take a decision to fill the post of Executive Director of ITC, which had been lying vacant for 14 months. This situation undoubtedly affected the Centre's efficiency and should be given priority attention by all Governments. The Latin American Group felt that the best option in this regard was to maintain this post at the level of Assistant-Secretary-General, in order to designate the person best qualified to represent ITC at the required level to obtain from the donor countries the extrabudgetary resources which supported a large share of ITC's technical cooperation activities. It was urgent that an open competition be initiated in order to attract the most suitable candidate.

545. The representative of Sweden, speaking on behalf of the Nordic Countries (Denmark, Finland, Norway and Sweden) said that, in view of the current situation in ITC, he would not comment at this juncture on the 1991 report. He recalled that the Nordic countries were among the major donors of ITC, a fact which reflected their recognition of the Centre's work. The prevailing situation in which ITC was left drifting without the appointment of a new management was having serious consequences on the work of ITC. If a solution were not found soon, both staff morale and general confidence in ITC would be impaired, and financial contributions for new activities would be withheld, with implications for project timing and execution. The Nordic countries believed that the post of Executive Director should be filled urgently in order to give ITC the leadership it desperately needed and to secure continued funding for its activities. Otherwise the future of the organization might be at stake, to the serious detriment of developing countries. He therefore hoped that a unanimous solution to the impasse would be found during the current examination of the matter in New York. In the meantime, the Nordic countries believed it was inappropriate to hold a regular Joint Advisory Group meeting before the leadership question had been settled and ITC's operating conditions normalized.

546. The representative of Switzerland expressed his Government's concern regarding ITC's future and the fact that the discussion regarding the level of the Executive Director post might weaken the organization. He reiterated the position of Switzerland, namely that the size and importance of ITC warranted a manager at ASG level. His Government regretted the proposal to abolish the

ASG post in ITC, as this change might affect an organization whose functioning and operation had hitherto been praised by the international community. The transitory situation prevailing in ITC for over a year should now come to an end. Under a new leadership, ITC would regain the necessary impulse to determine its priorities in accordance with its areas of excellence. He called for the holding of a regular Joint Advisory Group meeting next Spring to enable all interested Governments, donors and beneficiaries to provide ITC's management and secretariat with the required guidance in its day-to-day operations.

547. The representative of the Russian Federation referred in particular to paragraph 18 of ITC's Annual Report for 1991, which outlined ITC's assistance to countries in transition. He commended the Centre for its achievements and expressed the hope that cooperation between his Government and ITC would continue and develop in this area. With reference to paragraph 21 of the report, he said that the role of the Centre might increase upon the expected successful conclusion of the Uruguay Round.

548. He expressed concern at the fact that the post of Executive Director remained vacant. While noting that the Centre was discharging its duties successfully despite the difficult conditions, he hoped that the voice of both developing countries and donors would be heard and a mutually acceptable solution found.

Action by the Board

549. At its 823rd meeting, on 23 March 1993, the Board took note of the report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-fifth session (ITC/AG(XXV)/134 and Add.1).

Chapter IX

PROCEDURAL, INSTITUTIONAL, ORGANIZATIONAL AND ADMINISTRATIVE MATTERS

A. Opening of the session

550. The second part of the thirty-ninth session of the Trade and Development Board was opened on 15 March 1993 by the President, Mr. Gündüz Aktan (Turkey), who made a statement (see Introduction, paras. 1-4).

B. Bureau of the Board

551. At its 818th (opening) meeting, on 15 March 1993, the Board elected Mr. Jakob Esper Larson (Denmark) to replace Mr. Martin R. Morland (United Kingdom of Great Britain and Northern Ireland) and Mr. Marcel P.C. van der Kolk (Netherlands) to replace Mr. Akio Ijuin (Japan) as Vice-Presidents.

552. At its 819th meeting, on 16 March 1993, the Board elected Mr. G. Smirnov (Russian Federation) to replace Mr. G.V. Gabounia (Russian Federation) and Mr. L. Dembinsky (Poland) to replace Mr. Marian Malecki (Poland) as Vice-Presidents.

553. Accordingly, the Bureau of the Board at the second part of its thirty-ninth session was as follows:

President: Mr. Gündüz Aktan (Turkey)

Vice-Presidents: Mr. Morris B. Abram (United States of America)
Mr. Abdeljebbar Brahime (Morocco)
Mr. Ludwik Dembinsky (Poland)
Mr. Jakob Esper Larsen (Denmark)
Mr. Carlos H. Matute Arias (Honduras)
Mr. Gian Nath (Mauritius)
Mr. Ri Tcheul (People's Democratic Republic of Korea)
Mr. Gleb Smirnov (Russian Federation)
Mr. Jorge Soruco (Bolivia)
Mr. Marcel P.C. van der Kolk (Netherlands)

Rapporteur: Mr. Banmali Prasad Lacoul (Nepal)

C. Adoption of the agenda and organization of the work of the session

(Agenda item 1 (a))

554. At its opening meeting, the Board adopted the provisional agenda for the second part of its thirty-ninth session as set out in section I of TD/B/39(2)/1 and completed in TD/B/39(2)/1/Add.1. (For the agenda, see annex I below).

555. At the same meeting, the Board endorsed the organizational suggestions approved by the Consultations of the Secretary-General of UNCTAD held on 21 January 1993 (TD/B/39(2)/1/Add.2). In accordance with the proposed organization of work, the Board established two sessional committees of the whole, allocating agenda items to them for consideration and report as follows:

Sessional Committee I:

Item 3 - Trade policies, structural adjustment and economic reform: trade policy reforms in developing countries and the international support required

Item 4 - Developments and issues in the Uruguay Round of particular concern to developing countries.

Sessional Committee II:

Item 6 - UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s:

(a) Review of UNCTAD technical cooperation activities in Africa

(b) Regional integration issues

Item 8 - Sustainable development: implications for UNCTAD of recent General Assembly decisions concerning the follow-up to UNCED's conclusions and recommendations.

556. The Board further agreed that, during the second week of the session, Sessional Committee II would convert itself into a Special Sessional Committee to consider and report on:

Item 5 - Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s.

557. All other agenda items were taken up in plenary.

558. Since the Sessional Committees would be addressing issues similar to those dealt with by corresponding Committees of the Board at the first part of the thirty-ninth session, the Board decided that the presiding officers and the Vice-Chairmen-cum-Rapporteur elected at the first part of the session be retained to serve in the same capacities at the second part of the session.

In view of the replacement of the Vice-Chairman-cum-Rapporteur of Sessional Committee II, the officers of the sessional bodies at the second part of the thirty-ninth session were as follows:

Sessional Committee I

Chairman: Mr. Hugo Cubillos (Chile)

Vice-Chairman-cum-Rapporteur: Mr. E.M. Manakine (Russian Federation)

Sessional Committee II/Special Sessional Committee

Chairman: Ms. Taous Feroukhi (Algeria)

Vice-Chairman-cum-Rapporteur: Mr. Robert Konrath (United States of America)*

D. Adoption of the report on credentials

(Agenda item 1 (b))

559. At its 824th (closing) meeting, on 26 March 1993, the Board adopted the report submitted by the Bureau on the credentials of all representatives attending the session (TD/B/39(2)/21).

E. Provisional agenda for the first part of the fortieth session of the Board

(Agenda item 1 (c))

560. At the same meeting, the Board approved the provisional agenda for the first part of its fortieth session, as contained in TD/B/39(2)/L.5. (For the provisional agenda, see annex II below).

561. In accordance with past practice, the Board authorized the Secretary-General of UNCTAD, in consultation with the President, to adjust and complete the provisional agenda in the light of developments. This arrangement was on the understanding that any amendments or additions would be subject to consultations with representatives of States members of the Bureau and interested delegations within the framework of the consultative machinery established in accordance with paragraph 83 of the Cartagena Commitment.

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* Replaced Mr. Thomas Carter (United States of America).

F. Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board

(Agenda item 11 (a))

562. At its 821st plenary meeting, on 18 March 1993, the Board considered and designated the following two intergovernmental bodies under rule 76 of its rules of procedure: the Arab Maghreb Union (AMU), and the Central American Commission on Maritime Transport (COCATRAM). Information on these bodies was contained in documents TD/B/39(2)/R.1 and TD/B/39(2)/R.2. (Now derestricted).

G. Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure

(Agenda item 11 (b))

563. Also at its 821st plenary meeting, on 18 March 1993, the Board decided, in accordance with the recommendations of the Secretary-General of UNCTAD in TD/B/39(2)/R.3 (now derestricted) and of the Bureau, to designate and classify the following four non-governmental organizations for the purposes of rule 77 of the rules of procedure, as follows:

Special Category for the UNCTAD Organ indicated (other than the Board):

	UNCTAD Organ
International Association Cities and Ports (IACP)	Standing Committee on Developing Services Sectors
International Council on Metals and the Environment (ICME)	Standing Committee on Commodities
Development Innovations and Networks (IRED)	Standing Committee on Poverty Alleviation
International Primary Aluminium Institute (IPAI)	Standing Committee on Commodities

564. The applications by these non-governmental organizations together with information on their history, structure and functioning, are contained in documents TD/B/39(2)/R.3/Add.1-4 (now derestricted).

565. At the same meeting, the Board agreed to the recommendations of the Secretary-General of UNCTAD and of the Bureau regarding the procedure suggested in paragraph 4 of TD/B/39(2)/CRP.6, namely that, owing to the limited duration of the Ad Hoc Working Groups for an initial period of two years, a certain flexibility be applied in defining the category of non-governmental organizations which have a special competence in more than two subsidiary bodies of the Board, and that this would not automatically result in their classification in the general category as had been the

procedure in the past. The Secretary-General of UNCTAD would exercise his judgement and discretion in recommending the classification of non-governmental organizations, based on the range and nature of their interest in, and potential contribution to, the work of UNCTAD. The Board also agreed to the revised reclassification of non-governmental organizations in the special category, as contained in the annex to TD/B/39(2)/CRP.6, which will be incorporated into a revised version of the document listing non-governmental organizations in the activities of UNCTAD (TD/B/INF.107/Rev.6).

566. Also at the same meeting, the Board noted that the European Council of Chemical Manufacturers' Federations, a non-governmental organization which had been granted status in the Special Category by the Board at the first part of its twelfth session, had changed its name to the European Chemical Industry Council. The acronym "CEFIC" remained unchanged.

H. Review of the calendar of meetings

(Agenda item 11 (c))

567. At its 824th (closing) meeting, on 26 March 1993, the Board, having taken note that the dates 19-23 April 1993 for the Joint Advisory Group on the International Trade Centre UNCTAD/GATT no longer applied and that a one-week meeting of the Group would be held at a later date, approved the draft calendar of meetings for 1993 and the draft indicative calendar of meetings for the biennium 1994-1995, as contained in TD/B/39(2)/L.2.

I. Administrative and financial implications of the actions of the Board

(Agenda item 11 (d))

568. At the same meeting, the Board noted that there were no administrative or financial implications attached to the action taken by the Board at its current session.

J. Other business

(Agenda item 12)

1. Membership of Standing Committees and Ad Hoc Working Groups

569. At the same meeting, the Board confirmed the revised membership of the new bodies established by the Conference, as reflected in TD/B/39(2)/CRP.5, and noted that any amendments or omissions should be communicated to the Secretary of the Board.

2. Venue of the United Nations International Symposium on Trade Efficiency in 1994

570. At the 823rd meeting, on 23 March 1993, the representatives of Canada and the United States of America provided the Board with details concerning their Governments' offer to host the 1994 symposium in Toronto and Columbus, Ohio, respectively.

571. The representative of Switzerland made a statement welcoming these offers.

Action by the Board

572. At its 824th (closing) meeting, on 26 March 1993, the Board took note of the oral report by the President on informal consultations he had held on the respective offers of Canada and the United States of America to host the Symposium. In view of the outcome of those consultations, the Board welcomed and endorsed the holding of the Symposium in Columbus (Ohio), United States of America, in 1994.

3. Statement by the Latin American and Caribbean Group

573. The spokesman for the Latin American and Caribbean Group (Chile) reaffirmed the support of his Group for UNCTAD and for the successful implementation of the results achieved at the eighth session of the Conference in Cartagena Colombia. He recalled that it was the aspiration of his Group that the next Secretary-General of UNCTAD would be chosen from among candidates from his region.

K. Adoption of the report of the Board

(Agenda item 13)

574. Also at its closing meeting, the Board adopted the draft report on the second part of its thirty-ninth session (TD/B/39(2)/L.1 and Add.1-4), with minor amendments, and authorized the Rapporteur to complete the final version as appropriate. It further authorized the Rapporteur, under the authority of the President, to prepare the Board's report to the General Assembly.

ANNEXES

Annex I

AGENDA FOR THE SECOND PART OF THE THIRTY-NINTH SESSION OF THE TRADE AND DEVELOPMENT BOARD

1. Procedural matters.
   (a) Adoption of the agenda and organization of the work of the session;
   (b) Adoption of the report on credentials;
   (c) Provisional agenda for the first part of the fortieth session of the Board.
2. Follow-up to the recommendations adopted by the Conference at its eighth session: policies for human resource development, with particular reference to technical cooperation activities for trade and development.
3. Trade policies, structural adjustment and economic reform: trade policy reforms in developing countries and the international support required.
4. Developments and issues in the Uruguay Round of particular concern to developing countries.
5. Review of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s.
6. UNCTAD's contribution to the implementation of the United Nations New Agenda for the Development of Africa in the 1990s.
   (a) Review of UNCTAD technical cooperation activities in Africa;
   (b) Regional integration issues.
7. Follow-up to the decision of the Trade and Development Board at the first part of its thirty-ninth session (Board decision 399 (XXXIX) of 9 October 1992) on the establishment of an ad hoc working group to explore the issue of structural adjustment for the transition to disarmament.
8. Sustainable development: implications for UNCTAD of recent General Assembly decisions concerning the follow-up to UNCED's conclusions and recommendations.
9. Other matters in the field of trade and development:
   - Report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-fifth session (ITC/AG(XXV)/134 and Add.1).

10. **Reports and activities of the subsidiary bodies of the Board: matters requiring action:**

    (a) **Working Party on the Medium-term Plan and the Programme Budget, twenty-second session (8-12 March 1993);**

    (b) **Convening of an Intergovernmental Group of Experts on Ports.**

11. **Institutional, organizational, administrative and related matters:**

    (a) **Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board;**

    (b) **Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board;**

    (c) **Review of the calendar of meetings;**

    (d) **Administrative and financial implications of the actions of the Board.**

12. **Other business.**

13. **Adoption of the report of the Board.**

Annex II

PROVISIONAL AGENDA FOR THE FIRST PART OF THE FORTIETH SESSION OF THE TRADE AND DEVELOPMENT BOARD

1. Procedural matters:

   (a) Election of officers;

   (b) Adoption of the agenda and organization of the work of the session;

   (c) Adoption of the report on credentials;

   (d) Provisional agenda for the second part of the fortieth session of the Board;

   (e) Provisional agenda for the pre-sessional executive session of the Board (March 1994).

2. International implications of macro-economic policies and issues concerning interdependence: growth dynamics in the context of global interdependence.

3. Debt issues in a development context, including the recent evolution of debt rescheduling.

4. UNCTAD's contribution, within its mandate, to sustainable development: trade and environment.

5. Follow-up to the recommendations adopted by the Conference at its eighth session: evolution and consequences of economic spaces and regional integration processes.

6. Developments and issues in the Uruguay Round of particular concern to developing countries.

7. Specific action related to the particular needs and problems of land-locked developing countries.

8. UNCTAD's assistance to the Palestinian people.

9. Other matters in the field of trade and development:

   (a) Progressive development of the law of international trade: twenty-sixth annual report of the United Nations Commission on International Trade Law

   (to be completed in the light of developments)

10. Other matters requiring action by the Board arising from or related to reports and activities of its subsidiary and other bodies:

(to be completed in the light of developments)

11. Institutional, organizational, administrative and related matters:

(a) Treatment of new States members of UNCTAD;

(b) Membership of the Trade and Development Board;

(c) Membership of the Standing Committees;

(d) Membership of the Working Party on the Medium-term Plan and the Programme Budget for 1994;

(e) Draft terms of reference of the Ad Hoc Working Group to explore the issue of structural adjustment for the transition to disarmament;

(f) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board;

(g) Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board;

(h) Preparations for the thirtieth anniversary of UNCTAD in 1994;

(i) Review of the calendar of meetings;

(j) Administrative and financial implications of the actions of the Board;

(to be completed in the light of developments)

12. Other business.

13. Adoption of the report of the Board.

Annex III

MEMBERSHIP AND ATTENDANCE*

1. **The following States members of UNCTAD, members of the Board, were represented at the session:**

Afghanistan
Albania
Algeria
Angola
Argentina
Australia
Austria
Bahrain
Bangladesh
Belarus
Belgium
Benin
Bhutan
Bolivia
Brazil
Bulgaria
Burkina Faso
Burundi
Cameroon
Canada
Chad
Chile
China
Colombia
Costa Rica
Côte d'Ivoire
Cuba
Czech Republic
Democratic People's Republic of Korea
Denmark
Dominica
Dominican Republic
Ecuador
Egypt
El Salvador
Equatorial Guinea
Ethiopia
Finland
France
Germany
Ghana
Greece
Guinea
Honduras
Hungary
India
Indonesia
Iran (Islamic Republic of)
Iraq
Ireland
Israel
Italy
Jamaica
Japan
Jordan
Kenya
Kuwait
Lebanon
Liberia
Libyan Arab Jamahiriya
Liechtenstein
Madagascar
Malaysia
Malta
Mexico
Morocco
Myanmar
Namibia
Nepal
Netherlands
New Zealand
Nigeria
Norway
Oman
Pakistan
Panama
Papua New Guinea
Paraguay
Peru
Philippines
Poland
Portugal
Qatar

*** For the list of participants, see TD/B/39(2)/INF.4.**

Republic of Korea
Romania
Russian Federation
Saudi Arabia
Senegal
Slovakia
Spain
Sri Lanka
Sudan
Sweden
Switzerland
Syrian Arab Republic
Thailand
Trinidad and Tobago
Tunisia
Turkey
Ukraine
United Kingdom of Great Britain
 and Northern Ireland
United Republic of Tanzania
United States of America
Uruguay
Venezuela
Viet Nam
Zambia
Zimbabwe

2. The following other States members of UNCTAD, not members of the Board, were represented as observers at the session:

Cambodia
Croatia
Holy See
Lithuania
Mozambique
Slovenia

3. Participated pursuant to General Assembly resolution 3237 (XXIX):

Palestine

Participated pursuant to General Assembly resolution 3280 (XXIX):

Pan Africanist Congress of Azania.

4. The following bodies of the United Nations secretariat were represented at the session:

The United Nations Environment Programme
United Nations Development Programme
United Nations Population Fund

The International Trade Centre UNCTAD/GATT was also represented.

5. The following specialized and related agencies were represented at the session:

International Labour Organisation
Food and Agriculture Organization of the United Nations
World Health Organization
World Bank
International Monetary Fund
World Intellectual Property Organization
United Nations Industrial Development Organization

The General Agreement on Tariffs and Trade was also represented.

6. The following intergovernmental organizations were represented at the session:

Agency for Cultural and Technical Co-operation
Arab Organization for Agricultural Development
European Economic Community
League of Arab States
Organisation for Economic Co-operation and Development
Organization of African Unity
Organization of the Islamic Conference

7. The following non-governmental organizations were represented at the session:

General Category

Friends World Committee for Consultation (Quakers)
International Chamber of Commerce
International Confederation of Free Trade Unions
Women's International League for Peace and Freedom
World Assembly of Small and Medium Enterprises
World Confederation of Labour
World Federation of United Nations Associations

Special Category

International Air Transport Association
International Association of Islamic Banks

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